FEC 遠東發展

遠東發展有限公司

Far East Consortium International Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 035

Achieving A Great Milestone

Annual Report 2017


SAY YES
TO NEW
ADVENTURES


the
MOUNTAINS
are calling
I MUST GO
HIGHER


it's
time
for
Hiking

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

David CHIU, Tan Sri Dato', B.Sc.
(Chairman and Chief Executive Officer)
Cheong Thard HOONG, B.ENG., ACA
Dennis CHIU, B.A.
Craig Grenfell WILLIAMS, B.ENG. (CIVIL)

Non-executive Director

Chi Hing CHAN, EMBA

Independent Non-Executive Directors

Kwok Wai CHAN
Peter Man Kong WONG, J.P.
Kwong Siu LAM

AUDIT COMMITTEE

Kwok Wai CHAN (Chairman)
Peter Man Kong WONG
Kwong Siu LAM

NOMINATION COMMITTEE

David CHIU (Chairman)
Kwok Wai CHAN
Peter Man Kong WONG
Kwong Siu LAM

REMUNERATION COMMITTEE

Kwok Wai CHAN (Chairman)
David CHIU
Peter Man Kong WONG

EXECUTIVE COMMITTEE

David CHIU
Cheong Thard HOONG
Dennis CHIU
Craig Grenfell WILLIAMS
Boswell Wai Hung CHEUNG

MANAGING DIRECTOR

Cheong Thard HOONG

CHIEF FINANCIAL OFFICER

Boswell Wai Hung CHEUNG

FINANCE DIRECTOR

Ka Pong CHAN

COMPANY SECRETARY

Tak Shing CHOI

AUTHORISED REPRESENTATIVES

David CHIU
Tak Shing CHOI

LEGAL ADVISORS

Woo, Kwan, Lee & Lo
Reed Smith Richards Butler
Maples and Calder
HWL Ebsworth Lawyers
Lo & Lo

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

PRINCIPAL BANKERS

Hong Kong

DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Public Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited

Malaysia

Public Bank Berhad
OCBC Bank (Malaysia) Berhad

Singapore

CIMB Bank Berhad
Oversea-Chinese Banking Corporate Limited
The Hongkong and Shanghai Banking Corporation Limited

Australia

Australia and New Zealand Banking Group Limited
Bank of Western Australia
Commonwealth Bank of Australia Limited
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited
Westpac Banking Corporation

Mainland China

China Construction Bank Corporation
Dah Sing Bank (China) Limited
HSBC Bank (China) Company Limited
Industrial and Commercial Bank of China Limited
Public Bank (Hong Kong) Limited
Shanghai Pudong Development Bank
Wing Lung Bank Limited

United Kingdom

Oversea-Chinese Banking Corporation Limited
The Bank of East Asia, Limited

PLACE OF INCORPORATION

Cayman Islands

REGISTERED OFFICE

P.O. Box 1043, Whitehall House,
238 North Church Street,
George Town,
Grand Cayman KY1-1102,
Cayman Islands

PRINCIPAL OFFICE

16th Floor, Far East Consortium Building,
121 Des Voeux Road Central,
Hong Kong

SHARE REGISTRAR

Tricor Standard Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

LISTING INFORMATION

Ordinary Shares (Code: 035)
6.0% CNY Bonds 2018 of Dorsett (Code: 85917)
3.75% USD Medium Term Notes 2021 (Code: 4310)
The Stock Exchange of Hong Kong Limited

WEBSITE

http://www.fecil.com.hk

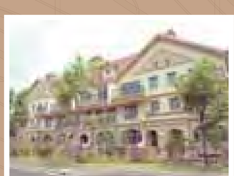
MAJOR EVENTS OF FINANCIAL YEAR 2017

Collect beautiful moments

APRIL 2016

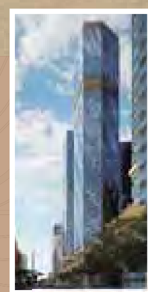
The Group, the Star Entertainment Group Limited ("The Star") and Chow Tai Fook Enterprises Limited ("CTF") entered into Memoranda of Understanding for development of The Star's properties in Sydney and Gold Coast

Royal Crest II at Shanghai launched (180 lowrise apartments and 42 townhouses)



JUNE 2016

West Side Place Towers 1 and 2 at Melbourne launched (1,369 apartments)



AUGUST 2016

The Group was appointed as the developer for Angel Meadow Site at NOMA, Manchester

The Group was appointed as the developer for the mixed-use development at key Perth City Link Site

SEPTEMBER 2016

The Group completed the issuance of US$300 million 3.75 percent 5-year Notes due 2021 under Medium Term Note Programme

The Group honoured as the "Best Managed Company in Asia in the Real-Estate Category" in Euromoney's "Best Managed Companies Survey 2016"

OCTOBER 2016

The Queensland Government, Australia granted a new casino license to the Destination Brisbane Consortium, a joint venture between the Group, The Star and CTF, for its Queen's Wharf Brisbane project

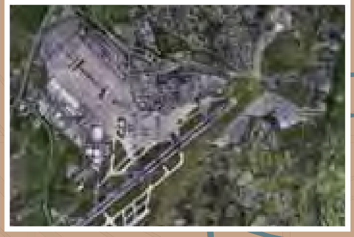
NOVEMBER 2016

The Group was announced as the preferred bidder of the Hornsey Townhall redevelopment project in London

DECEMBER 2016

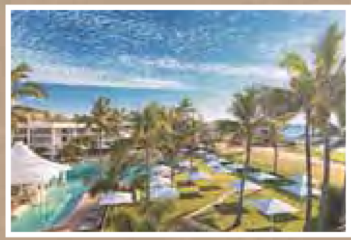
The Group completed the purchase of a car park in the vicinity of the Manchester Airport in the United Kingdom at a consideration of GBP13.4 million

CARe PARK



FEBRUARY 2017

The Group completed the acquisition of the Sheraton Grand Mirage Resort at the Gold Coast, Australia, together with The Star and CTF



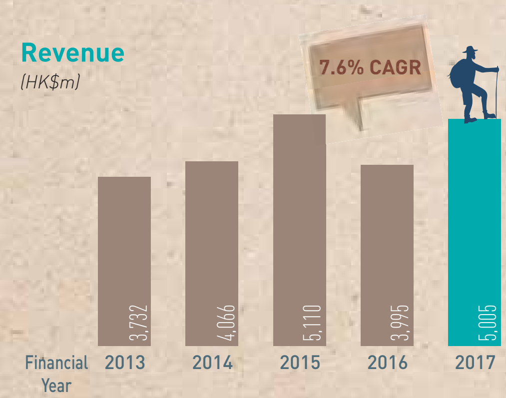
MARCH 2017

The Group agreed to sell its Silka West Kowloon, Hong Kong at an aggregate consideration of HK$450 million and recorded a HK$316 million gain at completion post year-end

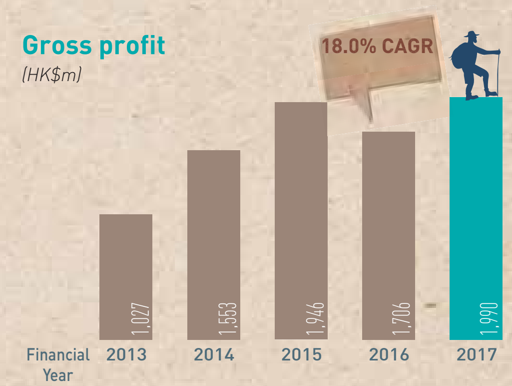
STATEMENT OF PROFIT OR LOSS HIGHLIGHTS

	For the financial year ended 31 March					
	2013	2014	2015	2016	2017	CAGR
Revenue (HK$m)	3,732	4,066	5,110	3,995	**5,005**	7.6%
Gross profit (HK$m)	1,027	1,553	1,946	1,706	**1,990**	18.0%
Net profit attributable to shareholders (HK$m)	903	914	957	734	**1,118**	5.5%
Adjusted cash profit[1] (HK$m)	735	890	836	853	**1,157**	12.0%
Net profit margin	19.7%	21.9%	16.4%	21.4%	**23.1%**	n/a
Total dividend (HK cents)	13.0	15.0	16.0	16.0	**18.5**	9.2%

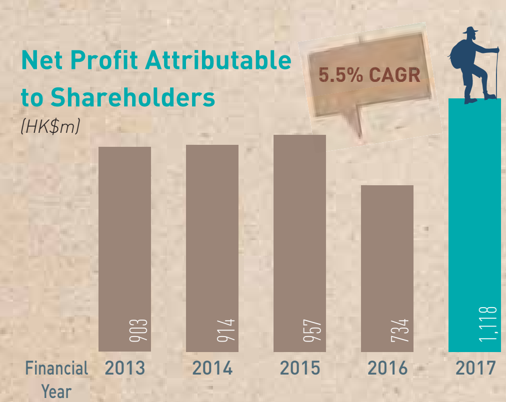
Revenue
(HK$m)



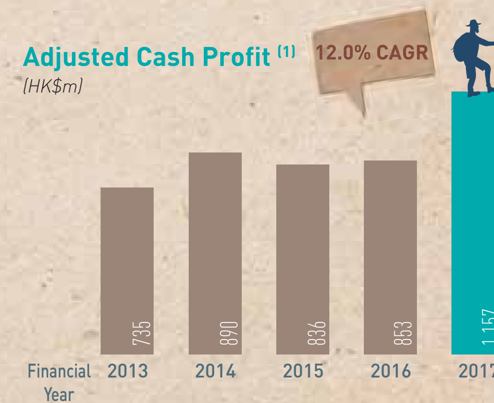
Gross profit
(HK$m)



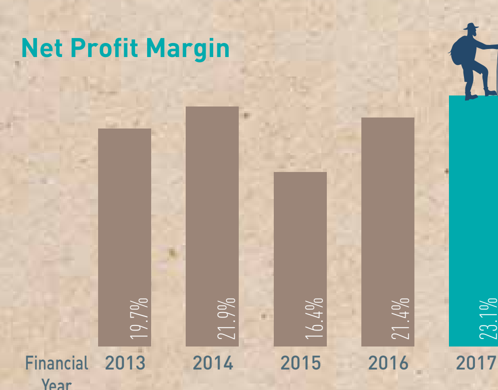
Net Profit Attributable to Shareholders
(HK$m)



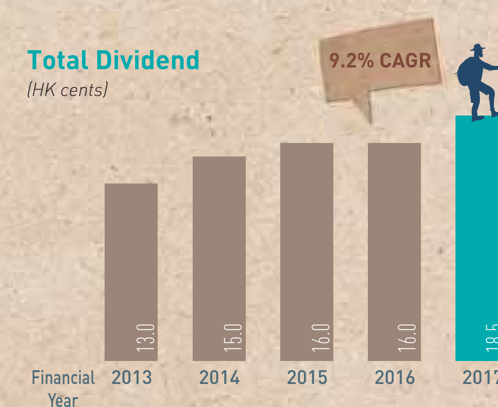
Adjusted Cash Profit [1]
(HK$m)



Net Profit Margin



Total Dividend
(HK cents)



Note

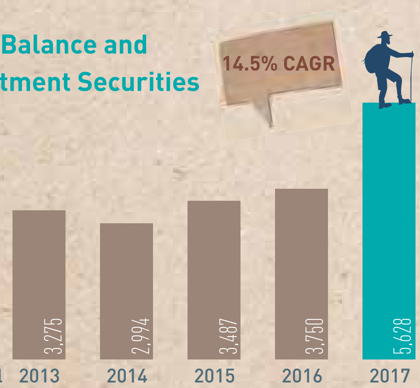
(1) Adjusted cash profit is calculated by adding depreciation and amortisation charges to, and subtracting fair value gain in investment properties from net profit attributable to shareholders. The amount is adjusted for minority interests.

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

	As at 31 March					
	2013	2014	2015	2016	2017	CAGR
Cash balance and investment securities (HK$m)	3,275	2,994	3,487	3,750	**5,628**	14.5%
Current ratio	1.24	1.64	1.67	2.12	**2.57**	n/a
Net gearing ratio[1]	25.1%	32.7%	29.8%	37.7%	**31.5%**	n/a
Total assets (HK$m)	19,418	21,986	22,216	26,160	**28,400**	10.0%
Adjusted net assets value attributable to shareholders[2] (HK$m)	14,942	16,864	17,263	20,872	**24,146**	12.9%
Adjusted net assets value per share[2] (HK$)	8.45	9.12	9.02	9.79	**10.79**	6.3%

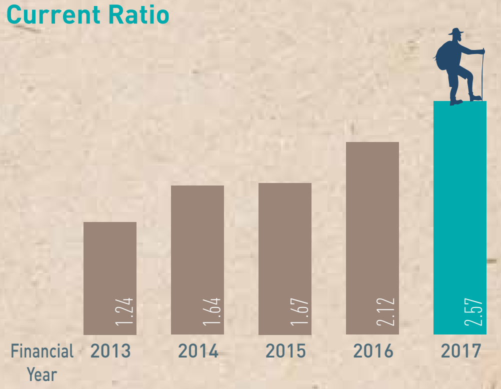
Cash Balance and Investment Securities

(HK$m)

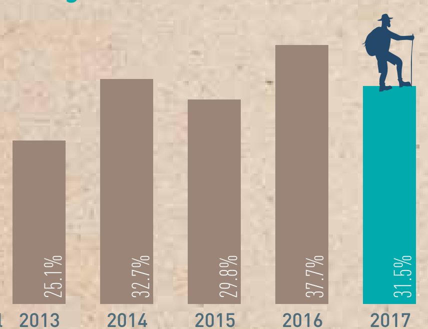


Financial Year

Current Ratio



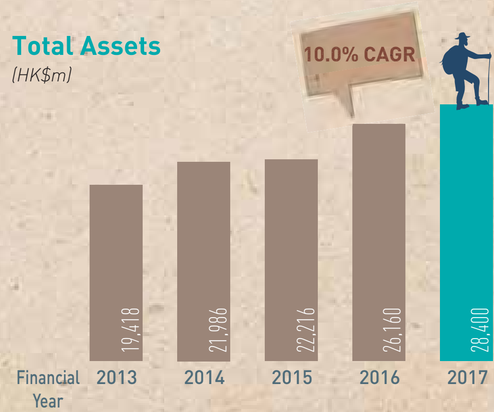
Net Gearing Ratio (1)



Financial Year

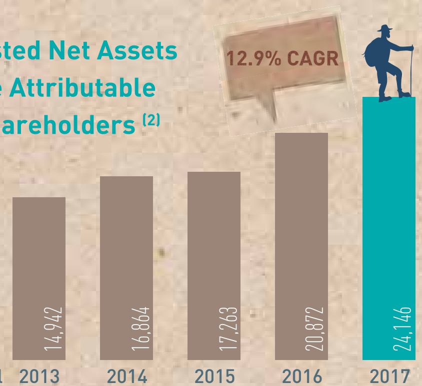
Total Assets

(HK$m)



Adjusted Net Assets Value Attributable To Shareholders (2)

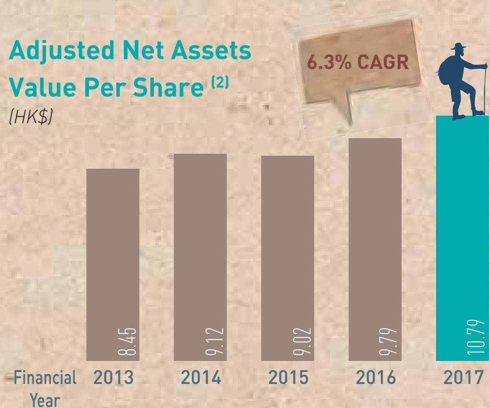
(HK$m)



Financial Year

Adjusted Net Assets Value Per Share (2)

(HK$)



Note

(1) Net gearing ratio is calculated by dividing total bank loans and bonds less bank and cash balances, and investment securities by the carrying amount of total equity and the unrecognised revaluation surplus on hotel assets

(2) Adjusted for hotel revaluation surplus

FUTURE VISION

MARIN POINT, HONG KONG

ARTRA, SINGAPORE


IT IS NOT THE
MOUNTAINS
WE
CONQUER
BUT
OURSELVES

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

I am proud that the Group has made several remarkable achievements in the current financial year. We have built a strong property development pipeline to maintain growth. Cumulative pre-sales value of properties under development has hit a record high of around HK$10.7 billion, breaking through the threshold of HK$10.0 billion for the first time, which provides a clear prospect of the Group's property sales for the coming years. During the Year, a series of large-scale residential projects were launched including West Side Place, a landmark project of the Group in Melbourne, Royal Riverside in Guangzhou and Royal Crest II in Shanghai, all with encouraging sales performance. Aspen Crest, the Group's residential development in Hong Kong, has been completely sold out. Subsequent to the Year, the Group has launched Artra in Singapore, Marin Point in Hong Kong and West Side Place Tower 4 in Melbourne, which have recorded satisfactory sales.

The Group continued to focus on major cities with net population growth and selectively replenish its land bank. The Group was selected to work with the Manchester City Council, the United Kingdom ("UK") to deliver the "Northern Gateway" project. This project, which will expand the city centre of Manchester with an extensive development area north from Victoria Station, is the latest and arguably the largest residential opportunity for transformational change undertaken in Manchester, the third largest and one of the most prosperous cities in UK, which is well-known for its overseas transmission of architecture, culture, music and media as well as impressive scientific and engineering innovation. I have visited the city several times and firmly believe that this project will be the most important project in UK for FEC. This is another successful exploration for FEC in the international arena following the appointment of the Group as the developer for the Angel Meadow Site project at NOMA in FY2017, another major residential growth area for Manchester. Moreover, with the grant by the councils of the redevelopment project of Hornsey Town Hall in London, a historic Grade II building, Perth City Link project in Australia and the integrated resort project at Queen's Wharf in Brisbane, Australia, the GDV of the Group's projects currently stands at approximately HK$47.2 billion, which can provide a secure platform for the development of the Group for the next decade. These projects demonstrate the confidence of local governments towards our international vision and professional knowledge in regional diversification. The Group has benefited from relatively low land prices for the project developments.

Regarding hotel operations, I am delighted to report that the hotel business in Hong Kong has started to bottom out as a result of the increase in tourist arrivals from other Asian and long haul regions and the revival of the number of Chinese tourists. For other overseas hotel markets, the industry continues to benefit from the growing number of middle-class travelers in Asia who are traveling more frequently and spending more. Following Brexit, it is expected that the depreciation of Sterling Pound will accelerate the growth of visitors to UK, which in turn will benefit our hotel operations there. These positive factors together with the increased number of rooms from the newly-opened Silka Tsuen Wan, Hong Kong and the soon-to-open Dorsett City in London, the attracting refurbished rooms in Dorsett Wanchai and Dorsett Kuala Lumpur, and the additional 3,500 plus rooms in 14 hotels under construction to be completed by FY2023, will undoubtedly boost the growth of our hotel operations in the near future. The Group is optimistic of the prospects of hotel operations.

The Group sees its car park operations as a core business with significant regional diversification and expansion potential. In the long term, the Group plans to expand its business into UK through the leveraging of the Care Park brand. Car park business continues to be a steadily growing recurring cash flow stream for the Group.

I am very pleased that our local teams in Mainland China, Hong Kong, Australia, Singapore and UK are becoming more experienced. Our new teams in Manchester and Perth were set up to provide on-the-ground execution for our projects and to recruit local talents. I firmly believe that in the era of product homogenization, future competition amongst corporations will not limit to products quality, but also on human resources. Talent is an important driver for the sustainability of an enterprise and also forms the competitive edge of a company. The Group has successfully launched its regional diversification with the assistance of the local teams having international vision.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

For corporate social responsibility, the Group is committed to striking a balance between earnings and sustainable development. We believe outstanding business environment, society and corporate governance are fundamental to maintaining long-term sustainable success. The Group encourages our staff to participate in community services with non-profit organizations, social enterprises and governments to benefit countries and communities where the Group operates and to create more job opportunities. During the period, the Group was granted many major awards, of which the most prestigious include: the eight top honors out of 14 awards in the 2016 *Asiamoney* Polls highlighted with the "Best Managed Small Cap Company Hong Kong" for two consecutive years; the Gold Awards in four categories of Governance, Social Responsibility, Environmental Responsibility and Investor Relations at The Asset Corporate Awards 2016; the "Best Managed Company in Asia in the Real Estate Category" in *Euromoney's* Best Managed Companies Survey 2016; and the"Best at Corporate Social Responsibility" in *FinanceAsia's* Asia's Best Managed Companies 2016 Poll. I am grateful that the Group's efforts in corporate management, corporate governance, corporate social responsibility and investor relations are widely recognized by the society.

Looking ahead, as the global economy remains challenging, the Group will pay close attention to the regional factors and adjust its strategy and deploy its resources accordingly. The Chinese factors may continue to consolidate, but the latest official data show that it is still healthy and the absolute economic growth is still a driver of the world's economy. It is believed that China's economy will gain strength in the future and China will continue to play an active role in the development of global economy. The new leadership in China is energetic and willing to cope with domestic issues, including deepening the supply-side structural reform and introducing a series of policies on reduction of production capacity, de-stocking, de-leveraging, lowering costs and improving weak links. In respect of Hong Kong, as the property market is on the high side, a potential adjustment is possible, but I still consider that, the property market in Hong Kong will see healthy development in the long-term. The Group will keep a close eye on the market conditions in Hong Kong and adjust its strategy. With regional diversification in development and the strong balance sheet of the Group, we are able to weather volatility in any single market while maintaining a favorable profit level. For land acquisitions, the Group will continue to be prudent and assess every project strategically to ensure relatively high profit margins for the Group. Our regional diversification provides greater flexibility to adjust our land bidding strategy.

The Group will continue to adopt the "Chinese Wallet" strategy targeting China's growing middle class travels to and investment in major world cities and pursue developments in diversified geographic locations with the focus on our three main businesses – residential developments, hotels and car parks. I believe that the middle-class Chinese will see overseas property investments as a protection in respect of investment returns, and their enthusiasm for property investments will continue to stimulate our market growth. The "Chinese Wallet" strategy and business diversification approach will generate significant income from property sales and recurring income from hotel and car park operations, enabling us to take advantage of different property cycles in different markets so as to achieve a steady growth. We have a strong balance sheet and sufficient cash flow to tackle challenges ahead, as well as making acquisitions and expansions in our core development areas. With the right business models, the Group is able and shall continue to maintain a stable dividend payout, and to achieve sustainable and steady long-term growth and returns to shareholders by continuously creating asset value.

On behalf of the Group, I would like to thank our Shareholders, partners, customers and our 3,600 staff for their efforts, which have promoted the sustainable and steady development of our business and contributed to the Group's success.

Chairman and Chief Executive Officer
David CHIU

13 June 2017


WE WILL
CLIMB
HIGHER

SOLID FOUNDATION FOR GROWTH

CALIFORNIA GARDEN, CHINA

WEST SIDE PLACE, AUSTRALIA

MANAGING DIRECTOR'S REPORT

INTRODUCTION

FY2017 was a rewarding year and marks the beginning of another harvest season for the Group with the completion of a number of major initiatives which will have a long-term positive implication for the development of the Group. In summary:

- We were selected to work with the Manchester City Council in the United Kingdom to deliver the "Northern Gateway", the latest and arguably the largest residential opportunity for transformational change ever undertaken in Manchester. This is over and above the appointment of the Company in August 2016 as the developer for the Angel Meadow site at NOMA, one of the major residential growth areas for Manchester;

- We completed the purchase of a car park in the vicinity of the Manchester Airport in the United Kingdom at a consideration of GBP13.4 million, representing an opportune entry for the Group into the UK car parking business to grow this segment of its business;

- We won the historic Hornsey Town Hall regeneration project in London to develop the site for hotel, residential and retail use as well as a new community arts centre;

- Together with our pre-eminent international partners, The Star and CTF, we completed the acquisition of the Sheraton Grand Mirage Resort at Gold Coast, Australia. We also entered into Memoranda of Understanding with them to develop residential and hotel projects in Sydney and Gold Coast;

- We successfully achieved cumulative pre-sale of residential projects amounting to HK$10.7 billion with the Group's gross development value at approximately HK$47.2 billion under our development pipeline. Projects launched during this financial year include West Side Place Towers 1 and 2, the Group's landmark project in Melbourne, Royal Riverside Towers 1, 2 and 4 in Guangzhou, and Royal Crest II in Shanghai;

- We sold out all the apartments in Aspen Crest in Hong Kong;

- We commenced construction on a number of new developments, notably Queen's Wharf Brisbane in Australia;

- We opened Silka Tsuen Wan, Hong Kong and completed the rebranding of Dorsett Wanchai, Hong Kong (formerly known as Cosmopolitan Hotel). Dorsett Residence Kuala Lumpur was also completed and Dorsett City Hotel in London will be opened around July 2017;

- We issued US$300 million 3.75 percent 5 year notes due 2021 under Medium Term Note Programme;

Northern Gateway, Manchester, United Kingdom

Angel Meadow, NOMA, United Kingdom

- We won numerous international awards on company management, investor relations and corporate governance;

- Post year-end, we completed the sale of Silka West Kowloon, Hong Kong, recording a gain from the sale of approximately HK$316 million;

- Post year-end, we launched the pre-sale of Artra in Singapore and Marin Point in Hong Kong;

- Post year-end, we were also elected as the preferred proponent to develop Lots 3B, 6 and 7 of the Perth City Link in Western Australia, in addition to Lots 2 and 3A for an A$219 million project comprising the 270-room Dorsett Hotel and 350 apartments for which the Group bid successfully in late 2016;

Perth City Link, Australia

Perth City Link, Australia

These initiatives are consistent with the Group's strategy of building strong long term recurring cashflow streams as well as achieving diversification of earning sources through our regionalization strategy targeting "Chinese Wallets".

MANAGING DIRECTOR'S REPORT

RESULTS HIGHLIGHTS

For FY2017, the Group recorded revenue of HK$5,005 million (FY2016: HK$3,995 million), a 25.3% increase as compared to FY2016. This significant growth was due to a strong sales performance in residential developments and an equally impressive performance in recurring income business.

Net profit for FY2017 was HK$1,118 million (FY2016: HK$734 million), an increase of 52.3% mainly as a result of the improved performance in both the property development and hotel divisions.

Reflecting confidence in the financial position of the Company, the Board recommended a final dividend of HK$0.15 per share. Together with an interim dividend of HK$0.035 per share, total dividend for the year will amount to HK$0.185 per share, an increase of 15.6% compared to last year, representing a payout ratio of 36.3%.

During the year, the Group launched a number of residential projects. As at 31 March 2017, the Group recorded cumulative pre-sales of HK$10.7 billion, exceeding the HK$10 billion mark for the first time which is a record high in the Company's history and provides good visibility for the Group's property sales in the coming years. Market capitalization of the Company exceeded USD 1 billion also for the first time during the year.

Additionally, post 31 March 2017, the Group launched pre-sales for Artra in Singapore, Marin Point in Hong Kong and West Side Place Tower 4 in Melbourne, the results of which have been encouraging, boosting our confidence further to execute our planned pipeline. The total GDV of the Group's residential pipeline now amounts to HK$47.2 billion, sufficient for the Group's developments in the next decade.

Revenue from hotel operations and management amounted to approximately HK$1,309 million during FY2017, a slight increase of 1.9% as compared to FY2016, primarily due to the stabilizing of the performance in Hong Kong in the second half of the year. Likewise, revenue from car park operations and facilities management increased 2.9% as compared to FY2016 to approximately HK$641 million for FY2017.

For more details on business review, please refer to the section entitled "*Management Discussion and Analysis*".

Artra, Singapore

Marin Point, Hong Kong

CAPITAL STRUCTURE AND BALANCE SHEET MANAGEMENT


Artra, Singapore

Adhering to prudent financial management, the Group continued to optimize its capital structure.

The Group issued US$300 million 3.75 percent 5 year notes due 2021 under the Medium Term Note Programme, representing a very successful fundraising by the Company in the international capital markets. The Group also secured an A$380 million construction facility for Elizabeth Quay in Perth, Australia.

As at 31 March 2017, the Group's cash and liquidity position amounted to HK$5.6 billion (HK$3.8 billion as at 31 March 2016). In addition, the Group's undrawn banking facilities was at HK$4.3 billion and the Group had 8 unencumbered hotel assets with capital value of HK$4.4 billion, which can be used as collateral for further bank borrowings and can provide further liquidity to the Group, should this be necessary.

Net gearing ratio (adjusting for hotel revaluation surplus of HK$13.4 billion which was not recognized on the balance sheet) was at 31.5%, which still provides room for further leverage without significantly affecting the Group's credit standing.

To unlock value tied up in the Group's hotel portfolio, post 31 March 2017, the Group successfully completed the sale of Silka West Kowloon, Hong Kong, recording a gain from the sale of approximately HK$316 million. Through the exercise of evaluating options to monetize certain non-core hotel assets, we hope that we can further improve the liquidity position of the Group whilst demonstrating to our shareholders the underlying value of our hotel portfolio.

TEAM BUILDING

Our new teams in Perth and Manchester were set up to expand locally and to provide on-the-ground execution. We also strengthened our teams in the Hong Kong headquarters and Greater China. We believe talent is the most important asset for the Group. This is the source of the Group's professional competence and competitive edge, and has become an important element in supporting the Group's sustainable and stable development.

CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

The Group firmly believes that a high standard of corporate governance is the key to improving corporate profit and facilitating sustainable development. In recognition of the Group's efforts to improve corporate governance and corporate social responsibility, and to enhance its investor relations functions, the Group received a number of international awards. These include awards in the areas of company management, investor relations, corporate governance and corporate social responsibilities, which reflected the confidence of investors and general public in the Group.

MANAGING DIRECTOR'S REPORT

Mr. Andrew Rashbass, CEO of Euromoney, presented the award to Tan Sri Dato' David Chiu, Chairman of FEC

Examples of awards include:

✧ Multiple awards in *FinanceAsia's Best Company Poll 2017*, highlighted by the "Best Mid-Cap Company in Hong Kong" and "Best CEO in Hong Kong – Tan Sri Dato' David Chiu" accolades;

✧ Fourteen awards and eight top honours in *2016 Asiamoney Polls* highlighted by the "Best Managed Small Cap Company Hong Kong" and "Best Overall for Corporate Governance Hong Kong" awards;

✧ "Best Listed Company at Social Responsibility" in the *Golden Hong Kong Stocks Awards 2016*;

✧ "Best Investor Relations Award – Ms. Venus Zhao" in the 2016 China Financial Market Listed Companies Awards;

✧ Gold Awards in four categories of Governance, Social Responsibility, Environmental Responsibility and Investor Relations at *The Asset Corporate Awards 2016*;

✧ Eight award nominations and triumphs with three awards at the *IR Magazine Awards – Greater China 2016* including "Best Overall Investor Relations (small & mid-cap)", "Best in Sector: Real Estate" and "Best Investor Relations Officer (small & mid cap) – Ms. Venus Zhao" honours;

✧ "Best Managed Company in Asia in the Real Estate Category" in *Euromoney's Best Managed Companies Survey 2016*;

✧ "Best IR Company (Small Cap)" in the *Hong Kong Investor Relations Association 2nd IR Awards*; and

✧ "Best at Corporate Social Responsibility" in *FinanceAsia's Asia's Best Managed Companies 2016 Poll*.

The first ESG (Environmental, Social and Governance) report focusing on the efforts and achievements of the Group which is incorporated and published in this annual report.

PROSPECTS

Looking at the year ahead of us, both positive and negative factors will be at play. It is expected that the global economy and the market conditions for the property sector in major cities in which the Group operates will remain challenging.

Following a period of monetary easing, the central banks in some of the major economies, in particular the United States, have stopped quantitative easing and have started to increase interest rates. The strong US dollar and the scale and timing of these interest rate hikes are likely to intensify volatility in global financial markets, which may impact the broader economy. In addition, the governments in a number of countries have imposed tightening measures on the property market such as higher stamp duty on property purchases and more stringent borrowing requirements for property buyers which are likely to persist for a period of time. Some of these measures are aimed at reducing potential overheating in the residential market and may have an impact on the operating

From the roof top of Artra, Singapore

environment for the Group in relation to property sales. Conversely, allowing the overheated market to moderately cool down would undoubtedly benefit healthy enterprises that are keen on long-term development. The Central Chinese Government is likely to continue to deepen supply-side structural reform and focus on introduction of a series of policies such as cutting excessive industrial capacity, de-stocking, de-leveraging, lowering costs and improving weak links.

A number of economists have raised concerns that the uncertainty brought by "Brexit" may have an impact on the British economy which may delay home-buying by consumers. On a brighter note though, it is anticipated that the depreciation of British pounds associated with Brexit will continue to stimulate the growth of tourism in the cities in UK which should benefit our hotel business.

The Chinese economy may continue to slow down, however, latest official data shows that it is still healthy and the absolute growth rate by any standard is still impressive.

Against this backdrop, we see many opportunities ahead. During the past year, the low land cost and growth potential in Manchester and Perth provided an opportunity for the Group to expand into these markets, while the hotel sector downturn in Hong Kong enabled the Group to implement renovations and prepare itself for the next cycle.

On the residential development business, the Group will continue to focus on the cities with good population growth potential. We will continue to strengthen the operating team and to selectively replenish our land bank. We will maintain resilience through economic cycles and will seek to grow further by taking advantage of short-term market instabilities. We will also seek to de-risk development projects through earlier presales of properties, even before construction. With the signing of the Northern Gateway deal, the Group has secured a significant pipeline in UK and the visibility of contribution from the residential development is good in the mid to long-term horizon.

On the hotel front, we believe that the market conditions in Hong Kong have bottomed out and with the support of tourists from other Asian and long haul regions such as Japan, South Korea, Indonesia, Philippines, Thailand, USA and Canada, the recovery is expected to continue. In overseas hotel markets, the industry as a whole is expected to benefit from the growing number of middle-class travelers in Asia who are traveling more frequently and spending

MANAGING DIRECTOR'S REPORT

more. We continue to experience growth in UK market and have seen recovery in a number of core Asian markets apart from Hong Kong. This, together with the new hotel additions namely Silka Tsuen Wan, Hong Kong and the soon-to-open Dorsett City Hotel in London as well as the revamped rooms of Dorsett Wanchai, Hong Kong and Dorsett Kuala Lumpur, will likely drive the growth in the business.

The Group's current portfolio of 21 operating hotels (approximately 6,600 rooms)*, a healthy pipeline of additional 14 hotels with approximately 3,500 hotel rooms by FY2023 as well as the continuing adoption of the "Chinese Wallet" strategy provide visibility of mid-term growth in the hotel segment.

The Group remains optimistic for further increase of the revenue of its hotel business.

The Group's car park operations and facilities management business is expected to continue to generate steady recurring income. Recently, the Group's car park business upgraded its central monitoring system thereby enhancing the control room operational functions and providing a better control of the day-to-day operations of the business thus paving a solid foundation for its regional expansion. The Group will continue to leverage on this technology and management platform to expand into other markets.

The recent acquisition of approximately 1,500 car park bays near the Manchester airport in UK provides the Group with a good starting point to grow and sustain a car parking management business in UK. The Group is looking into further expanding into the market with more acquisitions. It will continue to adopt the model of managing and operating self-owned car parks and third party car parks as it believes that car parks are a unique asset class that not only provides good operating cash flow but also offers property development potential.

In addition, in the longer term, the Group intends to utilize and leverage on the operating strengths of the Care Park brand to expand and will be actively looking for ways to further diversify its geographical presence by expanding into other locations with sustainable demand for car parking facilities.

Car park near Manchester Airport

* Excludes Silka West Kowloon, Hong Kong which was disposed in May 2017

In summary, the Group will continue to implement the following strategies to exploit its potential and generate new growth:

- Regional Diversification through strengthening of local execution teams;
- Deliver a strong residential pipeline by selective land acquisitions in cities with strong population growth potential; and
- Enhance recurring income from hotels, car parks and integrated resorts projects through delivering its current pipeline and making strategic acquisitions.

The Group will continue to enhance its financial management capacity while always adhering to prudent financial management. We will stick firmly to the principle of "Cash is King" and use our resources wisely on higher return projects.

With the foundation that the Group has laid in the past as well as its ample financial capacity, it is well-positioned for long-term and sustainable growth and to continue to expand its three core businesses. With the recent addition of Northern Gateway and Angel Meadow projects in Manchester and Perth City Link project in Perth, and the strong residential development pipeline, the Group can expect a stable growth in the mid-term. The Queen's Wharf Brisbane Integrated Resort project is also expected to deliver long term growth in recurring cashflow.

The Group will continue to reward its shareholders with strong dividends whilst retaining some earnings to facilitate growth. With a strong development pipeline and a growing recurring cashflow business, we are confident that the Group can continue to deliver long term value to the shareholders.

Cheong Thard HOONG
Managing Director

Care Assist

Customer Service in Care Park

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

TAN SRI DATO' DAVID CHIU, B.SC.

(Executive Director, Chairman & Chief Executive Officer)

Tan Sri Dato' David CHIU, aged 63, holds a double degree of Bachelor of Science in Business Administration and Economics at the University of Sophia, Japan. He is a prominent businessman with over 30 years' experience in the property development and extensive experience in the hotel development. In his business career, he established a number of highly successful business operation through organic growth and acquisitions, covering Mainland China, Hong Kong, Japan, Malaysia, Singapore and Australia. Since 1978, Tan Sri Dato' David CHIU had been the Managing Director of Far East Consortium Limited (the predecessor of the Company). He was appointed as Deputy Chairman and Chief Executive Officer of the Company on 8 December 1994 and 8 October 1997 respectively. On 8 September 2011, Tan Sri Dato' David CHIU has been appointed as the Chairman of the Company. He is also a director of various subsidiaries of the Company. Besides, he is a non-executive director of Dorsett Hospitality International Limited (formerly known as Kosmopolito Hotels International Limited and withdrew from listing on the Hong Kong Stock Exchange, a subsidiary of the Company). He was the chairman of the board of directors of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange, until 31 March 2015.

In regard to his devotion to community services in China and Hong Kong, he was appointed as the member of the 12th Chinese People's Political Consultative Conference and the chairman of Mid-Autumn Festival Celebration-People and Forces' Committee in 2008. Currently, he is a trustee member of The Better Hong Kong Foundation, an honorary chairman of Mid-Autumn Festival Celebration-People and Forces' Committee, a director and a member of Concerted Efforts Resource Centre, a counsellor of China-United States Exchange Foundation, an honorary chairman of Guangdong Chamber of Foreign Investors, a member of Hong Kong General Chamber of Commerce, a member of the Constitutional Reform Synergy, a member of The Real Estate Developers Association of Hong Kong, a member of Friends of Hong Kong Association Ltd, a member of Pacific Basin Economic Council and a director of three Ju Ching Chu Schools in Hong Kong. In Malaysia, Tan Sri Dato' David CHIU was awarded an honorary award which carried the title "Dato" and a more senior honorary title of "Tan Sri" by His Majesty, King of Malaysia in 1997 and 2005 respectively. He was also awarded the WCEF Lifetime Achievement Awards by Asian Strategy & Leadership Institute in 2013. He is the brother of Mr. Dennis CHIU (Executive Director of the Company).

MR. CHEONG THARD HOONG, B.ENG., ACA

(Executive Director & Managing Director)

Mr. HOONG, aged 48, was appointed as an Executive Director of the Company in August 2012. He joined the Group in September 2008 as the Managing Director. He is responsible for the formulation and implementation of the Group overall strategies for development. He brings with him a wealth of knowledge in corporate development and extensive experience in mergers and acquisitions as well as international capital markets.

Prior to joining the Group, Mr. HOONG was the chief executive officer of China LotSynergy Holdings Limited (stock code: 1371). He was instrumental in implementing a number of important initiatives which established international relationships for the company and built solid foundations for business expansion whereas he has retired as a non-executive director of the company with effect from 1 June 2017. Mr. HOONG was an investment banker for over 12 years and had held senior positions at Deutsche Bank and UBS where he was responsible for corporate finance business in Asia. Mr. HOONG is a director of various subsidiaries of the Company. He is also a non-executive director of Dorsett Hospitality International Limited (formerly known as Kosmopolito Hotels International Limited and withdrew from listing on the Hong Kong Stock Exchange, a subsidiary of the Company), a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange and a non-independent and non-executive director of Land & General Berhad, a company listed on the Bursa Malaysia.

Mr. HOONG is a member of the Institute of Chartered Accountants in England and Wales and holds a bachelor's degree in Mechanical Engineering from Imperial College, University of London.

MR. DENNIS CHIU, B.A.

(Executive Director)

Mr. CHIU, aged 58, was appointed as an Executive Director of Far East Consortium Limited (the predecessor of the Company) in 1978. He has been actively involved in the business development in the Mainland China, Singapore and Malaysia. Mr. CHIU is a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange. He is the brother of Tan Sri Dato' David CHIU (Executive Director of the Company).

MR. CRAIG GRENFELL WILLIAMS, B.ENG. (CIVIL)

(Executive Director)

Mr. Williams, aged 65, was appointed as an Executive Director of the Company in 2000. He is responsible for all property development in Australia. He resides in Melbourne, Australia. He holds a degree of Bachelor of Civil Engineering from Melbourne University. Before joining the Australian operations of the Company, he was a director of all development companies of the Lend Lease Group, Australia's largest property developer. Mr. WILLIAMS has extensive experience in all facets of property development and is the past president of the St. Kilda Road Campaign Inc. He is a director of various subsidiaries of the Company.

MR. CHI HING CHAN, EMBA

(Non-executive Director)

Mr. CHAN, aged 53, is the chief executive officer of Centralcon Investment Holding (Hong Kong) Company Limited, a wholly owned subsidiary company of Shenzhen Centralcon Investment Holding Company Limited, a company listed on the Shenzhen Stock Exchange (stock code: A000042), since January 2016.

He was an Executive Director of the Company in August 2012 and has been re-designated as a Non-executive Director in January 2016. He had been the Group's Chief Operating Officer from March 2004 to December 2015. He was responsible for the Hong Kong and the Mainland China based activities with emphasis on the commercial management, property and hotel development and investment, and project development. He also leaded the sales and marketing team to oversee the strategy planning on the real estate business in Hong Kong and Mainland China. He joined the Company in 1990 as the Group Chief Accountant and promoted as the Group Financial Controller in 2002. From 1990 to 2003, he was responsible for the Group's financial, treasury and accounting functions.

Prior to joining the Group, he was an audit manager of a big four international accounting firm with over ten years of audit experience. He has extensive experience in accounting and auditing of Hong Kong listed companies.

Mr. CHAN graduated from the City University of Hong Kong with an Executive Master Degree in Business Administration. He is a member of the Hong Kong Institute of Project Management and a fellow member of the Hong Kong Institute of Directors. He is also a member of China Real Estate Chamber of Commerce Hong Kong Chapter Limited.

MR. KWOK WAI CHAN

(Independent Non-executive Director)

Mr. Chan, aged 58, was appointed as an Independent Non-executive Director of the Company in November 2005. He is a member of The Hong Kong Securities and Investment Institute and a member of CPA Australia. Mr. CHAN is a director of High Progress Consultants Limited and also an independent non-executive director of Chinese Estates Holdings Limited (stock code: 127), China Investments Holdings Limited (stock code: 132), Tern Properties Company Limited (stock code: 277) and National Electronics Holdings Limited (stock code: 213).

MR. PETER MAN KONG WONG, J.P.

(Independent Non-executive Director)

Mr. WONG, aged 68, was appointed as an Independent Non-executive Director of the Company in May 2007. He graduated from the University of California at Berkeley with a Bachelor of Science Degree and was an awardee of the "Young Industrialist Award of Hong Kong" in 1988. He has over 40 years of experience in industrial, commercial and public service. Mr. WONG is the chairman of M.K. Corporation Limited, North West Development Limited, Cultural Resources Development Co. Ltd, Silk Road Hotel Management Co. Ltd. and Silk Road Travel Management Ltd. He is an independent non-executive director of China Travel International Investment Hong Kong Limited (stock code: 308), Chinney Investments, Limited (stock code: 216), Glorious Sun Enterprises Limited (stock code: 393), MGM China Holdings Limited (stock code: 2282), New Times Energy Corporation Limited (stock code: 166), Sino Hotels (Holdings) Limited (stock code: 1221) and Sun Hung Kai & Co., Limited (stock code: 86). He is also a non-executive director of Hong Kong Ferry (Holdings) Company Limited (stock code: 50). Mr. WONG is a deputy of the 12th National People's Congress of Mainland China. Mr. WONG was awarded the HKSAR Bronze Bauhinia Star in 2003.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

MR. KWONG SIU LAM

(Independent Non-executive Director)

Mr. LAM, aged 83, was appointed as an Independent Non-executive Director of the Company in September 2011. He was the delegate of the 10th National People's Congress. Mr. LAM currently serves as the vice chairman of BOC International Holdings Limited, the honorary chairman of Hong Kong Federation of Fujian Association, the life honorary chairman of Hong Kong Fukien Chamber of Commerce, the vice chairman of Fujian Hong Kong Economic Co-operation, the life honorary chairman of the Chinese General Chamber of Commerce, adviser of the Hong Kong Chinese Enterprises Association and the honorary president of the Chinese Bankers Club of Hong Kong. In addition, Mr. LAM has been a non-executive director of Bank of China International Limited (formerly known as "BOCI Capital Limited") since July 2002. Currently, he is an independent non-executive director of China Overseas Land & Investment Limited (stock code: 688), Fujian Holdings Limited (stock code: 181), Xinyi Glass Holdings Limited (stock code: 868) and Yuzhou Properties Company Limited (stock code: 1628). Mr. LAM was awarded the HKSAR Gold Bauhinia Star in 2016 and Silver Bauhinia Star in 2003. He has more than 50 years of banking experience.

MR. BOSWELL WAI HUNG CHEUNG

(Chief Financial Officer)

Mr. CHEUNG, Wai Hung Boswell, aged 46, joined the Company as Chief Financial Officer in September 2010. He is responsible for financial functions and investor relations of the Company. Currently, he is a director of certain subsidiaries of the Company, an audit committee member of AGORA Hospitality Group Co Ltd., a company listed on the Tokyo Stock Exchange and an independent non-executive director of Capinfo Company Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1075).

Prior to joining the Company, Mr. CHEUNG was chief operating officer and company secretary of Fook Woo Group Holdings Limited (now named as Integrated Waste Solutions Group Holdings Limited, stock code: 923), senior financial strategy advisor of China Pacific Insurance (Group) Co., Ltd. (stock code: 2601), an executive director and a non-executive director of Bright International Group Limited (now named as Dejin Resources Group Company Limited, stock code: 1163), and also held audit posts in Deloitte Touche Tohmatsu and Ernst & Young.

Mr. CHEUNG graduated in Scotland with a Bachelor's degree in Accounting in 1992, obtained a Master degree in Business Administration from University of Leicester in England in 1995 and a Master degree in Professional Accounting in 2007. Mr. CHEUNG is a Chartered Marketer of the Chartered Institute of Marketing in the United Kingdom, a non-practicing member of the HKICPA and a qualified accountant of CPA Australia.

MR. KA PONG CHAN

(Finance Director)

Mr. CHAN, Ka Pong, aged 37, joined the Company as Finance Director in May 2016. He is responsible for financial management of the Group. He is currently a director of certain subsidiaries of the Company.

Prior to joining the Group, Mr. CHAN was the general manager of corporate finance and communications at China Merchants Holdings (International) Company Limited (now named as China Merchants Port Holdings Company Limited, stock code: 144), and chief financial officer and company secretary of China Green (Holdings) Limited (stock code: 904). He also held positions in PricewaterhouseCoopers for 10 years specializing in audit and capital market transactions.

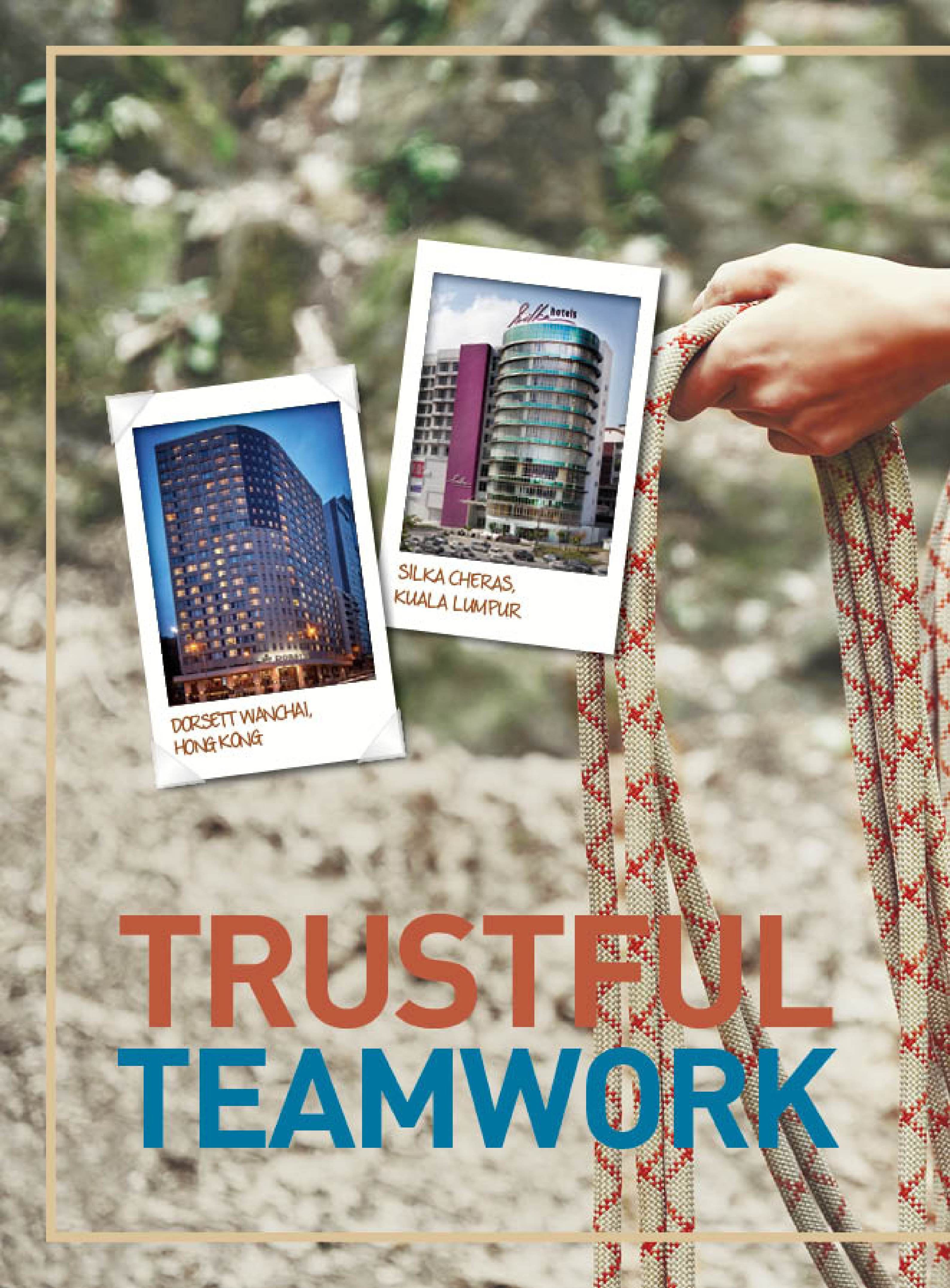
Mr. CHAN graduated from the Chinese University of Hong Kong with a Bachelor's degree in Professional Accountancy in 2001. He is a qualified accountant and a member of the HKICPA.

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 March				
	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
RESULTS					
Revenue	3,732,172	4,066,494	5,109,780	3,995,090	**5,005,309**
Profit before taxation	1,023,979	1,245,886	1,328,354	979,309	**1,566,639**
Income tax (expense) credit	54,391	(219,851)	(330,406)	(221,347)	**(433,780)**
Profit for the year	1,078,370	1,026,035	997,948	757,962	**1,132,859**
Basic Earnings per Share	50 cents	51 cents	51 cents	37 cents	**51 cents**

	As at 31 March				
	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
ASSETS AND LIABILITIES					
Total assets	19,418,094	21,985,291	22,215,596	26,160,621	**28,399,961**
Total liabilities	(10,267,634)	(12,034,461)	(11,954,667)	(15,893,366)	**(17,456,246)**
	9,150,460	9,950,830	10,260,929	10,267,255	**10,943,715**
Non-controlling interests	(1,137,930)	(1,200,927)	(1,117,279)	(127,123)	**(151,913)**
Shareholders' funds	8,012,530	8,749,903	9,143,650	10,140,132	**10,791,802**

TRUSTFUL
TEAMWORK




the
MOUNTAINS
are calling
I MUST GO
HIGHER

MANAGEMENT DISCUSSION AND ANALYSIS

West Side Place, Melbourne

FINANCIAL AND BUSINESS HIGHLIGHTS

- Revenue and net profit attributable to shareholders of the Company for FY2017 increased by 25.3% and 52.3% respectively to approximately HK$5,005 million and HK$1,118 million respectively as compared to the financial year ended 31 March 2016 ("FY2016") primarily due to strong recorded sales in residential developments in Shanghai and Melbourne and improved performance in recurring income business (including the hotel division and car park division). Adjusted cash profit[i] amounted to HK$1,157 million (FY2016: HK$853 million).

- As at 31 March 2017, cumulative pre-sales value of properties under development amounted to approximately HK$10.7 billion (HK$7.5 billion as at 31 March 2016) following the successful launch of West Side Place Towers 1 and 2 in Melbourne.

- During FY2017, HK$6.8 billion pre-sale of residential developments was achieved (FY2016: HK$4.6 billion), an increase of approximately 47.8%, as compared to FY2016.

- Bank and cash balances and investment securities of the Group increased to approximately HK$5.6 billion as at 31 March 2017 (HK$3.8 billion as at 31 March 2016).

- Net gearing ratio[ii][iii] was 31.5% as at 31 March 2017 (37.7% as at 31 March 2016).

- Basic earnings per share amounted to HK$0.51 (FY2016: HK$0.37 per share). Final dividend increased to HK$0.15 per share (FY2016: HK$0.13 per share). Including HK$0.035 of interim dividend paid, total full year dividend will amount to HK$0.185 per share (FY2016: HK$0.16 per share), representing a dividend payout ratio of 36.3%, reflecting confidence in the financial position of the Group.

- Net asset value per share[iii] as at 31 March 2017 increased by HK$1 during FY2017 and reached approximately HK$10.79 per share (HK$9.79 as at 31 March 2016).

- For the FY2017, the Group was honoured with several international awards in relation to company management, investor relations, corporate governance and corporate social responsibility including the prestigious "Best Managed Company in Asia in the Real Estate Category" award from Euromoney.

- Post year end, disposal of Silka West Kowloon, Hong Kong was completed with a net profit of approximately HK$316 million.

- The Group also signed an agreement with the Manchester City Council to deliver the "Northern Gateway" development, arguably the largest residential project in Manchester delivering in excess of 10,000 new homes over the next decade.

Notes:

(i) Adjusted cash profit is calculated by adding depreciation and amortization charges to, and subtracting fair value gain in investment properties from, net profit attributable to shareholders. The amounts are adjusted for minority interests.

(ii) Net gearing ratio represents total bank loans, notes and bonds less investment securities, bank and cash balances divided by carrying amount of total equity and hotel revaluation surplus.

(iii) Revaluation surplus on hotel assets of approximately HK$13,354 million was based on independent valuation carried out as at 31 March 2017 (HK$10,732 million as at 31 March 2016) and was not recognized in the Company's consolidated financial statements, but was adjusted for the calculations of net asset value per share and net gearing ratio.

FINANCIAL REVIEW

1. Revenue analysis

The Company's consolidated revenue for FY2017 was approximately HK$5,005,000,000, an increase of 25.3% as compared with FY2016. A breakdown of revenue is shown below:

Major business	FY2017 HK$ million	FY2016 HK$ million	Change
Sales of properties	2,937	1,971	49.0%
Hotel operations and management	1,309	1,285	1.9%
Car park operations and facilities management	641	623	2.9%
Leasing of properties and others	118	116	1.7%
Total revenue	5,005	3,995	25.3%

Revenue from sales of properties amounted to approximately HK$2,937 million in FY2017, a robust increase of 49.0% as compared with FY2016, primarily due to increase in recognition of sales from completion of residential developments. In FY2017, projects completed included Manhattan at Upper West Side (Stage 4) in Melbourne and King's Manor in Shanghai.

Revenue from hotel operations and management amounted to approximately HK$1,309 million during FY2017, an increase of 1.9% as compared to FY2016, primarily due to the recovery of the performance of the hotels in Hong Kong (which is the major hotel revenue contributor) in the second half of FY2017 and the contribution from Silka Tsuen Wan, Hong Kong which opened in February 2017.

For FY2017, revenue from car park operations and facilities management amounted to approximately HK$641 million, an increase of 2.9% as compared to FY2016, and approximately 3,500 car parking bays were added to the Group's car park management portfolio.

Revenue relating to leasing of properties and others amounted to approximately HK$118 million for FY2017, an increase of 1.7% as compared to FY2016.

2. Analysis of gross profit

	Property development HK$'000	Hotel operations and management HK$'000	Car park operations and facilities management HK$'000	Others HK$'000	Total HK$'000
For FY2017					
Revenue	2,936,701	1,308,954	641,441	118,213	5,005,309
Gross profit	1,271,897	517,713	113,616	86,369	1,989,595
Depreciation	–	283,240	23,461	–	306,701
Adjusted gross profit	1,271,897	800,953	137,077	86,369	2,296,296
Adjusted gross profit margin	43.3%	61.2%	21.4%	73.1%	45.9%
For FY2016					
Revenue	1,970,830	1,284,605	622,673	116,982	3,995,090
Gross profit	1,002,272	541,203	116,781	46,077	1,706,333
Depreciation	–	278,549	20,235	–	298,784
Adjusted gross profit	1,002,272	819,752	137,016	46,077	2,005,117
Adjusted gross profit margin	50.9%	63.8%	22.0%	39.4%	50.2%

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit for FY2017 was approximately HK$1,990 million, an increase of 16.6% as compared with FY2016. Gross profit from sales of properties amounted to approximately HK$1,272 million in FY2017, representing an increase of 26.9% from FY2016. Gross profit margin from sales of properties was 43.3% in FY2017 (FY2016: 50.9%), lower than that in FY2016 as there was more recognition of sales from Australia which has a lower margin as compared to Mainland China.

Adjusted gross profit and adjusted gross profit margin from hotel operations and management amounted to approximately HK$801 million and 61.2% in FY2017. The performance reflects an improvement in the hotel business in Hong Kong in the second half of FY2017 versus the first half as well as the same period in FY2016.

Adjusted gross profit contribution from car park operations and facilities management was approximately HK$137 million for FY2017 due to a reduction in contribution from revenue from fines and penalties. The adjusted gross profit margin in this segment diluted slightly to 21.4% mainly due to a slight change in sales mix skewed towards third party car parks management contracts.

Gross profit from leasing of properties and others was approximately HK$86 million for FY2017 and the segment's gross profit margin was 73.1% in FY2017.

Net profit attributable to shareholders of the Company for FY2017 amounted to approximately HK$1,118 million, representing an increase of 52.3%, compared with FY2016. Contributions from the Group's non-Hong Kong operations were affected by the movement of foreign currencies against Hong Kong dollar. The table below sets forth the exchange rates of Hong Kong dollar against the local currency of countries where the Group has significant operations:

Rate as at	As at 31 March 2017	As at 31 March 2016	Change
HK$/AUD	5.93	5.93	–
HK$/RMB	1.13	1.20	(5.8%)
HK$/MYR	1.75	1.97	(11.2%)
HK$/GBP	9.67	11.12	(13.0%)
HK$/SGD	5.56	5.74	(3.1%)
Average rates for	**FY2017**	**FY2016**	**Change**
HK$/AUD	5.93	5.93	–
HK$/RMB	1.17	1.23	(4.9%)
HK$/MYR	1.86	2.03	(8.4%)
HK$/GBP	10.40	11.29	(7.9%)
HK$/SGD	5.65	5.69	(0.7%)

Impact of such currency movement to the Group's net profit attributable to shareholders for FY2017 is analysed below:

	HK$' million
Profit attributable for FY2017	
Impact from:	
RMB	21.2
MYR	1.0
GBP	0.1
Total impact[i]	22.3

Note (i) assuming that the exchange rates do not change between FY2017 and FY2016.

3. Liquidity, financial resources and net gearing

The following table sets out the Group's bank and cash balances, investment securities (which are considered as cash equivalent items due to their easily-monetizable nature), bank loans and borrowings and equity as at 31 March 2017.

	As at 31 March 2017 HK$ million	As at 31 March 2016 HK$ million
Bank loans, notes and bonds		
Due within 1 year	1,431	1,864
Due 1–2 years	4,482	1,691
Due 2–5 years	6,547	7,198
Due more than 5 years	814	920
Total bank loans, notes and bonds	13,274	11,673
Investment securities	1,467	1,219
Bank and cash balances	4,161	2,531
Liquidity position	5,628	3,750
Net debts[i]	7,646	7,923
Carrying amount of the total equity	10,944	10,267
Add: hotel revaluation surplus	13,354	10,732
Total adjusted equity	24,298	20,999
Net gearing ratio (net debts to total adjusted equity)	31.5%	37.7%

Note (i) Net debts represent total bank loans, notes and bonds less investment securities, bank and cash balances.

To better manage the Group's liquidity position, the Group allocated a portion of its cash position in marketable investment securities. Investment securities shown on the consolidated statement of financial position represented primarily fixed income securities and investments in fixed income funds.

MANAGEMENT DISCUSSION AND ANALYSIS

Lan Kwai Fong Hotel @ Kau U Fong

The liquidity position of the Group as at 31 March 2017 was approximately HK$5.6 billion, representing an increase of 50.1% from the balance as at 31 March 2016, primarily due to the collection of sales proceeds upon completion of the Group's residential developments during FY2017 namely Manhattan at Upper West Side (Stage 4) in Melbourne and King's Manor in Shanghai, stable cash inflow from the Group's recurring income business as well as proceeds from the issuance of the medium term notes, which were offset by repayment of bank borrowings, equity requirement on some property-related projects and certain capital expenditure.

In August 2016, the Company successfully established a US$1,000 million medium term note programme (the "Medium Term Note Programme") which is listed on the Stock Exchange, under which the Company has the flexibility to issue multi-currency notes in the international capital market as and when funding is needed. In September 2016, the Company issued US$300 million 3.75 percent 5-year notes (the "Issue") due on 8 September 2021 under the Medium Term Note Programme. The Issue represented a highly successful fundraising by the Group in the international capital markets, and helped to extend the debt maturity profile of the Group. The proceeds from the Issue will be used for the Group's business development and general corporate purposes.

During FY2017, notwithstanding the Issue, the Group's net debts reduced by approximately HK$277 million to HK$7.6 billion. The Group will continue to repay development construction loans when the relevant projects are completed and to repay loans with shorter maturity and higher cost of funding, with an aim of locking in longer dated funding. The Group's average cost of borrowing was approximately 2.68% for FY2017 (3.16% for FY2016).

The table below shows the Group's debts profile.

	As at 31 March 2017 HK$ million	As at 31 March 2016 HK$ million
The Company's notes	**2,311**	–
Dorsett bonds	**820**	868
Unsecured bank loans	**1,744**	1,741
Secured bank loans		
– Property development and investment	**3,418**	3,907
– Hotel operations and management	**4,572**	4,821
– Car park operations and facilities management	**398**	327
– Others	**11**	9
Total bank loans, notes and bonds	**13,274**	11,673

The carrying amounts of the total bank loans, notes and bonds in the Company's consolidated statement of financial position as at 31 March 2017 include an amount of approximately HK$1,329 million (as at 31 March 2016: HK$1,073 million) which is reflected as current liabilities even though such sum is not repayable within one year, as the relevant banks and/or financial institutions have discretionary rights to demand immediate repayment.

As at 31 March 2017, the Group's undrawn banking facilities were approximately HK$4.3 billion which were all committed banking facilities, of which approximately HK$2.4 billion was in relation to construction development while the balance of approximately HK$1.9 billion was for the Group's general corporate use. The banking facilities together with sale proceeds to be generated from the Group's upcoming property development projects place the Group in a solid financial position to fund not only its existing business and operations but also to further expand its business.

In addition, upon completion of the disposal of Silka West Kowloon, Hong Kong, a total of 8 hotel assets within the Group remain unencumbered. The capital value of these 8 hotels amounted to HK$4.4 billion based on independent valuation assessed as at 31 March 2017. These assets can be used as collateral for further bank borrowings which can provide further liquidity for the Group, should this be necessary.

Adjusting for the unrecognized hotel revaluation surplus of approximately HK$13,354 million, based on independent valuation assessed as at 31 March 2017 (HK$10,732 million as at 31 March 2016), the Group's total consolidated equity as at 31 March 2017 was approximately HK$24,298 million. The net gearing ratio of the Group was at 31.5%.

4. Net asset value per share

	As at 31 March 2017 HK$ million	As at 31 March 2016 HK$ million
Equity attributable to shareholders of the Company	10,792	10,140
Add: Hotel revaluation surplus	13,354	10,732
Total net asset value	24,146	20,872
Number of shares issued (million)	2,238	2,132
Net asset value per share	HK$10.79	HK$9.79

Total net asset value of the Group reached approximately HK$24,146 million after adjusting for revaluation surplus on hotel assets of approximately HK$13,354 million, based on independent valuation assessed as at 31 March 2017 (HK$10,732 million as at 31 March 2016). Net asset value per share for the Company as at 31 March 2017 increased by HK$1 within the financial year and reached approximately HK$10.79.

5. Capital expenditure

The Group's capital expenditure consists of expenditure for acquisition, development and refurbishment of hotel properties, plant and equipment.

During FY2017, the Group's capital expenditure amounted to approximately HK$458 million primarily attributable to the construction works on the Group's hotel properties, namely Silka Tsuen Wan, Hong Kong (opened in February 2017) and Dorsett City in London (to be opened in July 2017), as well as the renovation works in Dorsett Wanchai, Hong Kong (formerly known as Cosmopolitan Hotel) and Dorsett Kuala Lumpur. The capital expenditure was funded through a combination of borrowings and internal resources.

6. Capital commitments

	As at 31 March 2017 HK$ million	As at 31 March 2016 HK$ million
Capital expenditure contracted but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	1,175	319
Others	6	34
	1,181	353

7. Post balance sheet events

Northern Gateway Partnership

In April 2017, the Group signed an agreement with the Manchester City Council, UK to deliver the "Northern Gateway" project which spans across an area of more than 350 acres (equivalent to 15 million sq. ft.), sweeping north from Victoria Station and taking in the neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst. This is the latest and arguably the largest residential opportunity for transformational change ever undertaken in Manchester. This investment partnership is expected to deliver in excess of 10,000 new homes over the next decade. It will allow the city centre to expand and provide the optimal mix of high quality housing in well-planned new areas. The over-arching vision of this project is essentially to create a series of distinct yet clearly connected communities that make the most of the area's natural resources. This is an addition to the Angel Meadow scheme under which the Group plans to build 756 new homes around the historic Angel Meadow Park located at the periphery of the Northern Gateway development.

The Group is currently developing a masterplan of the development within which the Group will identify infrastructure and building programmes, as well as a land acquisition strategy. The project is expected to provide the Group with a significant and long-term pipeline within UK and signals the fact that the Group is accelerating its expansion into UK market.

Development of Perth City Link Sites in Australia

Perth City Link, Australia

In May 2017, the Group was selected as the preferred proponent to develop Lots 3B, 6 and 7 of the Perth City Link in Western Australia. These three lots will be home to a range of apartments and an integrated complex. The Perth City Link is a major project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district (Northbridge). The Western Australian Government has invested more than A$1.4 billion in the project to deliver world class transport infrastructure and create one of Australia's most unique transit oriented developments.

In late 2016, the Group was selected to develop Lots 2 and 3A at the Perth City Link, a development comprising a 270-room hotel under Dorsett's operation and 350 residential apartments. Altogether, the Perth City Link project will provide the Group with a good pipeline in Perth CBD for the years to come.

Sale of Silka West Kowloon, Hong Kong

Sale of Silka West Kowloon, Hong Kong

In May 2017, the Group, through the disposal of Double Advance Group Limited ("DAGL"), its wholly owned subsidiary, completed the sale of Silka West Kowloon, Hong Kong at a consideration of HK$450 million. Dorsett Hospitality International Services Limited, the Company's wholly owned subsidiary, concurrently entered into a hotel management agreement with DAGL as a manager providing hotel management services in relation to the management and operation of the hotel for a term of 6 years.

The Group is expected to record a gain of approximately HK$316 million attributable to the Group, net of the estimated expenses and taxes in relation to the sale.

This transaction provided a good opportunity for the Group to realise the profits made and to reflect the value of the hotel. With the Group remaining as the manager of the hotel under the brand of "Silka" and "絲麗", this allows the Group to continue its expansion into the hotel management business. The sale proceeds would provide additional cash flow to the Group to enable it to redeploy its resources to other investment opportunities.

For more details, please refer to the Company's announcements dated 3 March 2017 and 12 May 2017.

BUSINESS REVIEW

1. Property division

The Group's property division includes property investment and property development.

Artra, Singapore

Property investment comprises investments in retail and office buildings located in Shanghai, Hong Kong, Singapore and Melbourne. For FY2017, a fair value gain of investment properties of approximately HK$280 million was recognized, primarily due to an increase in fair value of the investment properties in Shanghai, Hong Kong and Melbourne (following completion of Upper West Side). As at 31 March 2017, valuation of investment properties reached approximately HK$3.0 billion (31 March 2016: HK$3.3 billion), a decrease of approximately HK$300 million mainly because of the disposal of Eivissa Crest in April 2016.

Eivissa Crest is a residential project with 106 residential apartments totalling approximately 36,000 sq. ft. in SFA. The site was previously acquired for the purpose of generating recurring income. However, having considered the market conditions, the Group subsequently decided to change the site to residential property development for sale, and accordingly, the site was treated as an investment property according to HKAS 40 "Investment Properties". Upon the delivery of these residential units in FY2017, the difference between the net disposal proceeds and the carrying amount of these units was recognized as gain on disposal of investment properties held for sale.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has a diversified portfolio in residential property development in Australia, Mainland China, Hong Kong, the United Kingdom, Singapore and Malaysia. To carry out property development in the various markets, the Group has established strong local teams in each of these markets which, coupled with the regionalization approach, allows the Group to take advantage of the different property cycles in different markets. This strategy has resulted in a relatively low land cost base for the Group's development projects. The Group's property developments are largely focused on mass residential market where the Group can benefit from the growing affluence of the middle class.

In FY2017, presale of HK$6.8 billion was achieved and its breakdown is shown below. This compared to the total presales of HK$4.6 billion achieved in FY2016, reflects an increase of HK$2.2 billion or 47.8%.

		Presale value achieved in FY2017 HK$ million
Aspen Crest	Hong Kong	**162**
The Towers at Elizabeth Quay	Perth	**354**
Royal Riverside (Towers 1, 2 and 4)	Guangzhou	**834**
The Royal Crest II	Shanghai	**820**
West Side Place (Towers 1 and 2)	Melbourne	**4,571**
Others		**64**
		6,805

Total cumulative presales value of the Group's residential properties under development amounted to approximately HK$10.7 billion as at 31 March 2017. As revenue will only be recognized when the sales of the property developments are completed, value of the presales was not reflected in the Group's consolidated income statement. The Group expects a significant cash inflow when the projects are completed.

The following shows a breakdown of the Group's total cumulative presales value of residential properties under development as at 31 March 2017.

Developments	**Location**	**HK$ million**	**Expected financial year of completion**
Aspen Crest	Hong Kong	1,044	FY2019
The FIFTH	Melbourne	1,225	FY2018
West Side Place (Towers 1 and 2)	Melbourne	4,571	FY2021
The Towers at Elizabeth Quay	Perth	1,765	FY2020
King's Manor (remaining)	Shanghai	114	FY2018
The Royal Crest II	Shanghai	820	FY2018
Dorsett Bukit Bintang	Kuala Lumpur	297	FY2018
Royal Riverside (Towers 1, 2 and 4)	Guangzhou	887	FY2018
Cumulative contracted presales value		10,723	

Currently the Group has 24 active residential property development projects with expected attributable saleable floor area of approximately 8.7 million sq. ft. under various stages of development across the regions. Details of the Group's pipeline as at 31 March 2017 are shown below.

Developments	**Attributable saleable floor area[i] Sq. ft.**	**Expected attributable GDV[ii] HK$ million**	**Status/ expected launch**	**Expected financial year of completion**
Melbourne				
West Side Place				
– Towers 1 and 2	1,072,000	5,601	Launched	FY2021
– Towers 3 and 4 [iii]	1,501,000	7,502	Tower 3: Planning Tower 4: FY2018	Tower 3: Planning Tower 4: FY2022/23
The FIFTH	284,000	1,225	Launched	FY2018
Perth				
Perth City Link (Lot 2)	190,000	916	Planning	Planning
The Towers at Elizabeth Quay	320,000	2,733	Launched	FY2020
Brisbane				
Queen's Wharf Brisbane[iv]				
– Tower 4	259,000	1,104	FY2019	Planning
– Tower 5	224,000	1,119	Planning	Planning
– Tower 6	439,000	2,198	Planning	Planning
Shanghai				
King's Manor (Townhouse)	77,000	463	Launched	FY2018
The Royal Crest II	259,000	1,316	Launched	FY2018
Guangzhou				
Royal Riverside				
– Towers 1, 2 and 4	390,000	1,138	Launched	FY2018
– Towers 3 and 5	293,000	873	FY2018	FY2019
Hong Kong				
Aspen Crest	64,000	1,065	Launched	FY2019
Tan Kwai Tsuen	51,000	714	FY2018/19	FY2019
Marin Point	103,000	1,075	FY2018	FY2019
Sham Shui Po	28,000	560	FY2018	FY2019/20
Tai Wai	33,000	627	FY2019	FY2019/20
Shatin Heights	70,000	1,200	Planning	Planning
Kuala Lumpur				
Dorsett Bukit Bintang	215,000	755	Launched	FY2018
London				
Alpha Square	377,000	4,014	FY2018/19	Planning
Hornsey Townhall	102,000	839	FY2018/19	Planning

MANAGEMENT DISCUSSION AND ANALYSIS

From the roof top of Artra, Singapore

Developments	Attributable saleable floor area[i] Sq. ft.	Expected attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Manchester				
Angel Meadow at NOMA	551,000	2,142	FY2018	FY2020/21
Singapore				
Artra[v]	290,000	2,624	FY2018	FY2021
Total development pipeline as at 31 March 2017	**7,192,000**	**41,803**		
Acquired post 31 March 2017				
Manchester				
Northern Gateway[vi]	1,500,000[v]	5,400[v]	Developing master plan	
Total development pipeline post 31 March 2017	**8,692,000**	**47,203**		

Notes:

(i) The figures represent approximate saleable residential floor area which may vary subject to finalization of development plans.

(ii) The amounts represent expected GDV attributable to the Group, which may change subject to market conditions.

(iii) Includes the hotel and retail components of the development, subject to finalization of development plans.

(iv) This residential development consists of a total floor area of approximately 1,800,000 sq. ft.. The Group has 50% interest in the development.

(v) Total saleable floor area of this development is approximately 410,000 sq. ft.. The Group has 70% interest in the development.

(vi) The saleable floor area and GDV figure is estimated based on land already acquired and expected number of units to be built. Further land acquisitions are expected and will increase both saleable floor area and GDV for the Northern Gateway development. Expected saleable floor area is subject to planning approval.

In addition to the above, the Group has entered into memoranda of understanding with the partners of Destination Brisbane Consortium to develop The Star's casino sites in Gold Coast and Sydney. Subject to the planning approval, the development of the casino site in Gold Coast will be staged and residential apartments' and hotels will be integrated into a broader development and upgrade of the site being undertaken by the Star Entertainment Group. Planning approval for stage 1 of the Gold Coast site consisting of 406 apartments and a 300-room hotel has been obtained while the remaining stages are under planning. The development of the casino site in Sydney is still at the master planning stage. These projects are expected to contribute to the residential pipeline of the Group.

Post year end, the Group was also selected as the preferred bidder for Lots 3B, 6 and 7 of the Perth City Link project. For further details, please see below.

Australia

Melbourne

West Side Place is a mixed-use residential development located in CBD of Melbourne. This development is expected to have a residential saleable floor area of approximately 2.2 million sq. ft. from 4 towers with approximately 2,800 apartments. A hotel which will be operated by Ritz Carlton with approximately 263 hotel rooms will be located at the top of Tower 1. Presales of Towers 1 and 2 were launched in June 2016 and presale value of HK$4.6 billion was achieved representing 82.1% of the total expected GDV of HK$5.6 billion for these 2 towers as at 31 March 2017. Construction of Towers 1 and 2 is expected to begin in 2017 with completion expected in the financial year ending 31 March 2021. Presale of Tower 4 was launched in June 2017. Total GDV of the whole development of West Side Place is expected to be more than HK$13 billion. This development is expected to generate significant earnings in the coming few years.

The FIFTH is located next to West Side Place and provides 402 apartments. This development with a total GDV of approximately HK$1.2 billion has been completely presold. It is expected to be completed in the second half of the financial year ending 31 March 2018.

Manhattan at Upper West Side (Stage 4) was completed in late July 2016. It consists of 641 apartments with GDV of approximately HK$1.7 billion. Approximately 5.6% (or 36 apartments) of the pre-sales were not completed as at 31 March 2017 with 30 units subsequently sold.

West Side Place, Melbourne

Manhattan at Upper West Side (Stage 4), Melbourne

MANAGEMENT DISCUSSION AND ANALYSIS

Perth

The Towers at Elizabeth Quay is a mixed-use development comprising residential apartments of approximately 320,000 sq. ft. in saleable floor area, a luxury hotel with 204 rooms to be operated by Ritz-Carlton, approximately 20,000 sq. ft. of commercial or retail area as well as other ancillary facilities. As at 31 March 2017, its pre-sales value reached approximately HK$1.8 billion, representing 66.7% of the expected GDV. Construction is currently underway and development is expected to be completed in the financial year ending 31 March 2020.

In late August 2016, the Group signed a contract to purchase Lots 2 and 3A of the Perth City Link project which is a mixed use development located adjacent to the Perth Arena. This project is expected to deliver more than 300 residential apartments and approximately 270 hotel rooms to be operated by Dorsett. Subsequently in May 2017, the Group was selected as the preferred proponent to develop Lots 3B, 6 and 7 of the Perth City Link project. These three lots will be home to a range of boutique apartments and an integrated retail, entertainment and hospitality complex.

The Perth City Link is a major project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district. Altogether, these 5 lots of the Perth City Link project will provide the Group with a good pipeline in Perth CBD for the coming years.

The Towers at Elizabeth Quay, Perth

The Towers at Elizabeth Quay, Perth

The Towers at Elizabeth Quay, Perth

The Queen's Wharf Project, Brisbane

The Queen's Wharf Project, Brisbane

Brisbane

The residential component of the Queen's Wharf Project consists of 3 residential towers with SFA of approximately 1,800,000 sq. ft. The first tower is expected to be launched in FY2019. This residential component is 50% owned by the Group with the remaining 50% owned by CTF.

Preliminary construction work of Queen's Wharf, Brisbane including the integrated resort (of which the Group owns 25%) started in early 2017 after the land was handed over by the government. The project encompasses a total area of approximately 9.4 hectares and envisages three residential towers, five world-class hotels, high-end food and commercial outlets and a casino in Brisbane's prime waterfront district. The total core development gross floor area of the project is expected to be 544,600 square meters ("sq. m.") of which approximately 167,000 sq. m. relates to the residential component.

The integrated resort component is expected to commence operation in stages in or before 2022. The project brings together the Group's experience in international hospitality operation and mixed-use development, CTF's extensive VIP customer base in Mainland China and Asian markets, as well as The Star's operational experience in integrated resorts.

In October 2016, the new casino license was granted by the Queensland Government, Australia. Operation of the casino is permitted to commence upon completion of the integrated resort component of the development. This casino license will deliver the key operating terms for successful delivery of the integrated resort which includes a casino license term and an integrated resort precinct lease term of 99 years, a 25-year casino exclusivity period within 60 kilometres from the Brisbane CBD from commencement of operations of the integrated resort, maximum approved electronic gaming machines of 2,500, and unlimited gaming tables (including electronic derivations).

The project is expected to contribute significantly to the Group's recurring cash flow stream as well as residential development pipeline.

MANAGEMENT DISCUSSION AND ANALYSIS

Mainland China

The Group has been developing California Garden, a premier township development in Shanghai over a number of years. The development comprises a diversified portfolio of residences including low-rise apartments, high-rise apartments and town houses. Currently, 2 residential phases, namely King's Manor and The Royal Crest II, are under various stages of completion.

King's Manor consists of 479 apartments and 90 town houses, of which 476 apartments and 54 town houses had been delivered up to 31 March 2017. The remaining portion with an expected GDV of HK$463 million is expected to be delivered and recognized as revenue in the financial year ending 31 March 2018.

The Royal Crest II consists of 180 apartments and 42 town houses. The expected GDV is approximately HK$1,316 million. As at 31 March 2017, all of the apartments amounting to HK$745 million were completely presold. Presale for town houses commenced in September 2016. Total presale value of the whole development reached HK$820 million, representing 62.3% of its total GDV. The Royal Crest II is expected to be completed in the financial year ending 31 March 2018.

In Guangzhou, Royal Riverside is a 5-tower residential development producing 607 apartments with a total saleable floor area of approximately 683,000 sq. ft. and a total expected GDV of approximately HK$2 billion. Towers 1, 2 and 4 started to show its strong momentum since the second half of FY2017 with the cumulative pre-sales value reaching HK$887 million as at 31 March 2017. Presale of Tower 3 is expected to be launched in FY2018 and completion of the two stages of the development is expected in the financial years ending 31 March 2018 and 2019 respectively.

King's Manor, Mainland China

Royal Riverside, Guangzhou


The pre-sale launch of Marin Point, Hong Kong


Site of Marin Point, Hong Kong

Hong Kong

The Group continues to seek development opportunities in Hong Kong through participation in government tenders and bidding for projects with the Urban Renewal Authority ("URA").

Currently the Group has 6 residential projects in the pipeline in Hong Kong.

Aspen Crest is a redevelopment project and consists of 234 apartments with approximately 64,000 sq. ft. in saleable floor area and approximately 16,000 sq. ft. of commercial component. As at 31 March 2017, its presales value reached over HK$1 billion, representing 98.0% of the total expected GDV. Its completion is expected to take place in the financial year ending 31 March 2019.

A residential development site at Tan Kwai Tsuen consisting of 24 town houses with approximately 51,000 sq. ft. in saleable floor area is expected to be launched for presale in the second half of the financial year 2018. Completion is expected to be in the financial year ending 31 March 2019.

Marin Point, located at Sha Tau Kok comprises 261 low-rise apartments with approximately 103,000 sq. ft. in saleable floor area. Total expected GDV is HK$1.1 billion. Its presale was launched in May 2017 with a satisfactory presale performance. Completion is expected in the financial year ending 31 March 2019.

A residential development site at Hai Tan Street, Sham Shui Po was acquired through URA. This residential development will comprise 72 apartments (mainly 1-bedroom apartments) with approximately 28,000 sq. ft. in saleable floor area. Expected GDV is HK$560 million. Presale is expected to commence in FY2018 with completion anticipated to be in the financial year ending 31 March 2019/2020.

A development site at Mei Tin Road, Tai Wai, comprises a residential component of approximately 33,000 sq. ft. in saleable floor area and a commercial component of approximately 5,800 sq. ft. in gross floor area. Total expected GDV is HK$627 million. Completion is expected to be in the financial year ending 31 March 2019/2020.

Another residential development site at Tai Po Road Shatin Heights comprises more than 60 apartments and 4 houses. The project has a gross floor area of approximately 88,000 sq. ft. and is currently under planning stage.

MANAGEMENT DISCUSSION AND ANALYSIS

Malaysia

Dorsett Bukit Bintang is a residential development adjacent to Dorsett Regency Kuala Lumpur. This development consists of 252 high-rise apartments with approximately 215,000 sq. ft. in saleable floor area. As at 31 March 2017, presales value reached approximately HK$297 million, representing 39.3% of the total expected GDV. Completion is expected to take place in the financial year ending 31 March 2018. The Group is considering allocating a portion of the development to be operated as serviced apartments.

Angel Meadow at NOMA, Manchester

Hornsey Town Hall, London

United Kingdom

London

Alpha Square is a residential development site in Marsh Wall, Canary Wharf, London. The development will feature a mixed-use complex including residences of approximately 377,000 sq. ft. in saleable floor area, a hotel of approximately 231 rooms and commercial facilities. The Group is reviewing an opportunity to combine this site with an adjacent site for joint development.

Hornsey Town Hall, located in North London, is a redevelopment project which will be converted into a mixed-use development featuring a residential component, a hotel/serviced apartment tower and a town hall with communal areas. The residential component will provide approximately 120 apartments with saleable floor area of approximately 102,000 sq. ft.. The hotel/serviced apartment and communal areas will provide recurring income to the Group. The development is under planning stage.

Manchester

In August 2016, the Group was appointed by Manchester Place and The Co-operative Group as the developer for the Angel Meadow site at NOMA, one of the major residential growth areas for Manchester, the United Kingdom. The plan is to build more than 756 apartments with approximately 551,000 sq. ft. saleable floor area around the historic Angel Meadow Park, which is at the periphery of the Northern Gateway development. Presale is expected to be launched in the financial year ending 31 March 2018.

As mentioned under "Post Balance Sheet Events" above, the Group signed an agreement to deliver the "Northern Gateway" project in Manchester. The project, subject to further land acquisitions, represents a significant addition of over 10,000 new homes over the next decade to the Group's development pipeline. The Group is currently developing a master plan for the project.

Singapore

Artra is a residential project located next to the Redhill MRT station in Singapore. The development consists of 400 apartments with approximately 410,000 sq. ft. in saleable floor area and a commercial component of approximately 20,000 sq ft. This development is owned by a joint venture in which the Group has a 70% interest. The Group launched the presale in April 2017.

2. Hotel operations and management

The following summarises the regional operating performance of Dorsett's owned hotels for FY2017 and FY2016 in local currency ("LC").

	Occupancy Rate		Average room rate		RevPar		Revenue	
			(LC)	(LC)	(LC)	(LC)	(LC' 000)	(LC' 000)
For the year ended 31 March	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Hong Kong (HK$)	**90.1%**	86.0%	**695**	731	**626**	629	**665,300**	650,496
Malaysia (MYR)	**66.8%**	65.8%	**190**	189	**127**	124	**112,236**	106,181
Mainland China (RMB)	**61.2%**	50.9%	**411**	414	**251**	211	**188,011**	161,712
Singapore (SGD)	**80.2%**	82.0%	**181**	192	**145**	157	**16,480**	17,727
United Kingdom (GBP)	**88.0%**	79.3%	**99**	98	**87**	78	**11,700**	10,583
			(HK$)	(HK$)	**(HK$)**	(HK$)	**(HK$'000)**	(HK$'000)
Group Total	**77.6%**	72.7%	**625**	666	**485**	484	**1,308,954**	1,284,605

The Group's hotel operations for FY2017 recorded a total revenue of approximately HK$1.3 billion, representing an increase of 1.9% from that in FY2016. Overall occupancy rate increased approximately 4.9 percentage points. Affected by adverse currency movements, overall average room rate decreased 6.2% to HK$625 per night. As a result, RevPAR was maintained at a similar level to that of FY2016 at HK$485 for FY2017.

Dorsett Wan Chai, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Dorsett Wan Chai, Hong Kong

Hong Kong remained the main contributor to the Group's hotel operations which accounted for approximately 50% of the hotel revenue. The occupancy rate ("OCC") increased approximately 4.1 percentage points and average room rate ("ARR") decreased by 4.9% to HK$695 as compared to last year, resulting in a slight decrease in the RevPAR for Hong Kong to HK$626 per night. In February 2017, Silka Tsuen Wan, Hong Kong opened contributing 409 rooms to the Group's operating portfolio. Overall improvement in performance in the second half of FY2017 as shown below and the addition of the hotel rooms helped to increase revenue in Hong Kong to HK$665 million for FY2017.

	FY2017		FY2016	
Hong Kong	2H	1H	2H	1H
Occupancy rate	92.8%	87.2%	86.3%	85.7%
Average room rate (HK$)	751	632	783	679
RevPar (HK$)	697	551	676	582

OCC and ARR for Hong Kong in the second half of FY2017 were recorded at 92.8% and HK$751 respectively while RevPar was HK$697. In FY2017, the Group was able to capture the improving market by adopting a new sales and marketing strategy to attract a wider base of more diverse international visitors. The improved performance in Hong Kong is expected to extend into the near future. With the renovated rooms of Dorsett Wanchai, Hong Kong (rebranded from Cosmopolitan Hotel) and Silka Far East, Hong Kong as well as the addition of rooms contributed by the newly-opened Silka Tsuen Wan, Hong Kong, the Group remains optimistic in further maximizing its revenue and enhancing its market competitiveness.

In Malaysia, revenue from hotel operations and management for FY2017 increased by 5.7% to approximately MYR112 million as compared to FY2016. OCC and ARR were maintained at similar levels to those of FY2016. RevPar had a slight increase to MYR 127 per night. As shown from the 2 years' operating data below, the operating performance of hotels in Malaysia is stabilizing and steadily improving.

	FY2017		FY2016	
Malaysia	2H	1H	2H	1H
Occupancy rate	65.4%	68.3%	65.4%	66.2%
Average room rate (MYR)	194	187	188	190
RevPar (MYR)	126	128	123	126

In Singapore, Dorsett Singapore recorded revenue of approximately SGD16 million for FY2017, similar to the level of FY2016. For FY2017, OCC was 80.2% and ARR was SGD181 per night. RevPAR was recorded at SGD145 per night. Further details of the 2 years' operating data of the performance in Singapore are provided in the following.

	FY2017		FY2016	
Singapore	2H	1H	2H	1H
Occupancy rate	80.8%	79.5%	83.1%	80.9%
Average room rate (SGD)	176	187	192	191
RevPar (SGD)	142	149	160	155

In Mainland China, OCC in FY2017 increased by 10.3 percentage points compared with the last financial year while ARR kept at a similar level at RMB411. As a result, RevPAR increased by 19.0% to RMB251 as compared to FY2016. Revenue increased by 16.3% to approximately RMB188 million for FY2017 mainly due to the significant improved performance of Dorsett Grand Chengdu and Dorsett Shanghai. OCC of Dorsett Grand Chengdu rose by 21.7 percentage points to 59.3% while RevPar soared by 51.4% to RMB202. Dorsett Shanghai benefitted from a more diversified customer mix and higher proportion of corporate and exhibition customers which resulted in its OCC's incline of 8.5 percentage points to 85.3% and RevPar at RMB581 for FY2017, an increase of 17.4%, as compared to FY2016. It is expected that the operational performance of hotels in Mainland China will continue to grow as illustrated by the 2 years' operating data below.

	FY2017		FY2016	
Mainland China	2H	1H	2H	1H
Occupancy rate	62.7%	59.7%	50.8%	51.1%
Average room rate (RMB)	408	414	408	429
RevPar (RMB)	256	247	207	219

In the United Kingdom, Dorsett Shepherds Bush recorded revenue of approximately GBP12 million for FY2017, an increase of approximately 10.6% as compared to FY2016. In the second half of 2017, the depreciation of Sterling Pound improved UK's tourism business including performance of the hotels in London. OCC improved by 8.6 percentage points to 88% and RevPAR rose by 11.9% to GBP87 per night. Dorsett Shepherds Bush' recent operating data below show that its performance for FY2017 was stable and is expected to continue to grow.

	FY2017		FY2016	
United Kingdom	2H	1H	2H	1H
Occupancy rate	86.4%	89.4%	68.7%	90.0%
Average room rate (GBP)	97	102	99	97
RevPar (GBP)	84	91	68	88

On 6 February 2017, together with The Star and CTF, the Group completed the acquisition of the Sheraton Grand Mirage Resort at Gold Coast, Australia. The Group owns a 25% interest in the joint venture. The Sheraton Grand Mirage Resort is an iconic property and Gold Coast's only 5-star beachfront resort. Property facilities include 295 rooms and suites, a swimming pool, fitness centre, spa facilities and surrounding beach. This was a tremendous opportunity as the Sheraton Grand Mirage Resort is a unique hotel property that offers not only existing cash flow stream but also potential development opportunity. The beachfront property is highly complementary to the Queen's Wharf Brisbane project and will immediately add operating capacity to the Group's current portfolio of hotels. Furthermore, the hotel site includes surplus land which provides room for expansion, subject to planning in the future.

On 12 May, 2017, the Group's wholly owned subsidiary which owns Silka West Kowloon, Hong Kong was sold for HK$450 million with the Group continuing to manage the hotel for a term of 6 years. Please refer to the "Post Balance Sheet Events" above and the Company's announcements dated 3 March 2017 and 12 May 2017 for more details.

Dorsett City hotel in London is expected to open in the first half of the financial year ending 31 March 2018. This 13-storey hotel will add 267 rooms to the Group's current operating portfolio. With its location right next to the Aldgate Station, it is in a perfect spot for both business and leisure travelers.

Currently, the Group operates 21 owned hotels (9 in Hong Kong, 5 in Malaysia, 4 in Mainland China, 1 in Singapore, 1 in London and 1 in Gold Coast) with approximately 6,600 rooms. The Group has 14 hotels in the development pipeline, of which two are Ritz Carlton hotels, one each in Melbourne and Perth, and four world-class hotels in the integrated resort of Queen's Wharf Brisbane in which the Group has a 25% interest, with the remaining expected to be operated by Dorsett. With the disposal of Silka West Kowloon, Hong Kong in May 2017 and when all the hotels in the pipeline become operational, the Group will own 35 hotels operating approximately 10,100 rooms. The Group also manages 3 other hotels (1 in Hong Kong and 2 in Malaysia) with approximately 700 rooms.

3. Car park operations and facilities management

In FY2017, the Group's car park business completed a program to upgrade its central monitoring system, enabling the management team of this business to have a better control on the day-to-day operations of the business and providing a strong foundation for acquisition and growth. The Group's car park division is currently actively evaluating a number of acquisition opportunities.

In December 2016, the Group acquired a car park in the vicinity of Manchester Airport in UK at a consideration of GBP13.4 million. This car park will continue to be operated under the brand of FSS Manchester Airport Car Park. With a capacity of approximately 1,500 car parking bays, it is expected to enhance the source of steady cash flow to the Group. This car park is jointly owned on a 50/50 basis by the Company and Care Park and is the first acquisition in UK for both companies marking an important and meaningful milestone of the partners' overseas expansion.

The Group's car park and facilities management business includes car park operations and property management services. The car park business extends to both third party owned car parks and self-owned car parks and generates a stable recurring income for the Group. This business sector has been achieving steady growth over the years, with the Group's portfolio under management growing into 390 car parks with approximately 74,500 car parking bays as at 31 March 2017, having added approximately 3,500 car parking bays during FY2017. Of the Group's 390 car parks, 29 were self-owned car parks (23 in Australia, 3 in New Zealand, 2 in Kuala Lumpur and 1 in Manchester) comprising approximately 9,200 car parking bays, with the remaining 65,300 car parking bays in Australia, New Zealand and Malaysia under management contracts entered into with third party car park owners, which include local governments, shopping malls, retailers, universities, airports, hotels, hospitals, government departments and commercial and office buildings.

With this division further expanding its operation to include property management services in Australia (mainly in Brisbane, Melbourne and Adelaide) and Johor Bahru, Malaysia, where the Group had 64 contracts in relation to facilities management services as at 31 March 2017 as well as its entry into UK market, it is expected that the car park operations and facilities management business will continue its steady growth.

OUTLOOK

Market conditions for the property sector in major cities in which the Group is operating will remain challenging. Following a period of monetary easing, the central banks in some of the major economies, in particular the United States, have stopped quantitative easing and have started to increase interest rates. A number of economists have also raised concerns that uncertainty brought by "Brexit" may have an impact on the British economy which may delay house buying by consumers. In addition, the government of a number of countries has imposed tightening measures such as higher stamp duty on property purchases and more stringent borrowing requirements for property buyers. Some of these measures are aimed at reducing potential overheating in the residential market and may have an impact on the operating environment for the Group in relation to property sales.

MANAGEMENT DISCUSSION AND ANALYSIS


Artra, Singapore

Despite the above, the Group is confident that it has a strong balance sheet to weather any potential volatility in the property market. Over the last several years, the Group has strengthened its balance sheet with strong retained earnings. It has also accumulated significant revaluation surplus within its hotel portfolio. With an updated valuation on its hotel portfolio, the Group's net gearing ratio was reduced to a comfortable level of 31.5% as at 31 March 2017, taking into account the revaluation surplus. In fact, the Group is well positioned to continue to expand its three core businesses. With a total cash and investment securities position totalling HK$5.6 billion and total undrawn credit facilities of HK$4.3 billion, the Group has ample capacity to seek further growth opportunities by enhancing its development pipeline for both residential and hotel development as well as through selective land acquisitions.

On the residential development business, the Group will continue to focus on the cities with good population growth potential. We will continue to strengthen the operating team and to selectively replenish our land bank. We will maintain resilience through economic cycles and will seek to grow further by taking advantage of short-term market instabilities. We will also seek to de-risk development projects through earlier presales of properties, even before construction. With the signing of the Northern Gateway deal, the Group has secured a significant pipeline in UK. This, combined with cumulative presales reaching over HK$10 billion as at 31 March 2017 and the recent strengthening of the development pipeline, the visibility of contribution from the residential development is good in the mid- to long-term horizon.

On the hotel front, the Group currently has 21 operating own hotels (approximately 6,600 rooms) and has a healthy pipeline of additional 14 hotels and approximately 3,500 rooms planned. We continue to experience growth in UK market and have seen recovery in a number of other core Asian markets. This, together with the new hotel additions, will likely drive the growth in the business. The Group will continue to adopt a "Chinese Wallet" strategy and pursue opportunities arising from the anticipated increase in the outbound tourist numbers from Asia.

In respect of the car park business, the Group will continue to leverage on the technology and management platform it has built to expand into other markets. With the recent acquisition of the 1,500 car parking bays near the Manchester Airport, the Group intends to further expand into the market with more acquisitions. It will continue to adopt the model of managing and operating self-owned car parks and third party car parks. The Group believes that car parks are a unique asset class that not only provide good operating cash flow but also offer property development potential.

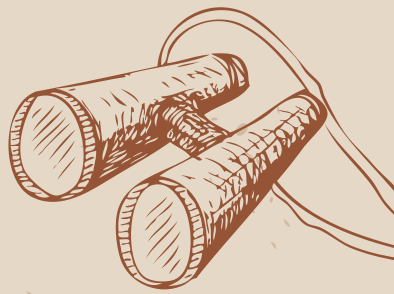
Preliminary construction work has commenced on the Queen's Wharf Brisbane project. When completed, this will bring a new strong cashflow stream for the Group.

The Group will continue to reward its shareholders with strong dividends whilst retaining some earnings to facilitate growth. With a strong development pipeline and a growing recurring cashflow business, we are confident that the Group can continue to deliver long term value to the shareholders.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group had approximately 3,600 employees. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits, both internal and external training appropriate for various level of staff roles and functions.

A SUSTAINABLE
Journey



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Disclosure on Environmental, Social and Governance

This is the first year for the Company to disclose its performance with regard to environmental, social and governance ("ESG") issues. We would like to take this opportunity to highlight our management approach and achievements in ESG at our key operations. These include the Group's property business in Hong Kong, Mainland China (Shanghai) and Australia (Melbourne, Brisbane and Perth) as well as the Group's hotel operations and management in Hong Kong under Dorsett. While other operations represent a relatively small percentage of our business, we will consider expanding the scope of disclosure in the future.

This section is prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules. Unless otherwise stated, the content in this section covers the period from 1 April 2016 to 31 March 2017.

We value your feedback on this section and the Group's ESG performance. Please visit our website at www.fecil.com.hk and share with us your thoughts.

Our Approach to Sustainability

We acknowledge our role as a responsible player in the market. Part of our core values has always been creating and maintaining shared value for our stakeholders. This includes not only economic value, but also environmental and social value.

The Group has developed and implemented a set of ESG policies across our operations. In compliance with local laws and regulations, the policies lay out our standards and expectations towards environmental and social challenges. They also act as a framework to guide our daily decision-making process to address our social and environmental impacts.

By gathering our efforts and collaborating with our stakeholders, we leverage the challenges we face as a conglomerate that operates at multiple locations for sustainable growth. We will achieve this through engaging stakeholders, benchmarking industry best practices and assessing our own performance.

Looking forward, we continue to promote the concept of sustainability within and outside of the Group with the aim to improve our environmental and social performance.

ESG governance

The introduction of an ESG governance structure at FEC allows us to effectively manage our environmental and social risks and to regularly monitor our environmental and social performance.

As the highest governing body of the Group, the Board has an overall responsibility to formulate and oversee the Group's strategies, including those relating to ESG. Day-to-day operations are delegated to the Group's ESG Committee which is chaired by Ms. Winnie Chiu, the President and Executive Director of Dorsett and comprises senior management from various departments across all operations. The ESG Committee was established to support the sustainability work within the Group, including but not limited to the implementation of ESG policies, monitoring the environmental and social performance of our day-to-day operations, engaging stakeholders on ESG issues, and assisting the disclosure of ESG information. Whenever appropriate, the ESG Committee will report relevant ESG matters to the Board.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder Engagement

We reach out to our stakeholders and initiate communication as often as we can. We value their opinions as they lay the foundation for our emphasis on sustainable development. We hope to build sustainable relationships with our stakeholders through regular interactions, and create value on their behalf by addressing their interests and concerns.

The Group had achieved several milestones in FY2017 with regard to investor relations. Notably, the Group's market capitalization has exceeded US$1 billion mark for the first time since its listing. In addition, the Group has been also included in the South-bound trading list in Hong Kong-Shenzhen Stock Connect which was launched in December 2016. All these had effectively broadened the potential shareholder base and enhance stock liquidity of the Group.

During FY2017, the Group issued a five-year US$300 million note with a 3.75% coupon rate, which marked the lowest rate for five-year US dollar unrated deal for Hong Kong issuers so far. The note issuance drew an order book of more than four times oversubscription to US$1.2 billion, which demonstrated that the Group has gained significant recognition from the global investors.


Investors Briefing for FY2017 Interim Results Announcement

Press Conference for FY2017 Interim Results Announcement

During FY2017, the Group carried forward various initiatives to improve information transparency and investor relations. In particular, the Group had arranged more than 70 company visits for credit and equity analysts and investors from global investment banks and fund houses, organized and participated in 35 non-deal roadshows and investor conferences. We also maintain regular communication with more than 4,000 institutional investors through emails and phone calls. In addition, the Group has provided prompt information update on Company website including financial reports, presentations, announcements, press releases and newsletters. The Group published 23 press releases during FY2017.

The table below shows the investor conferences and roadshows FEC organized or participated in FY2017.

Date	Organiser(s)	Fixed Income/ Equities	Location(s)	Conference/Activity	No. of Day(s)
1-Jun-2016	DBS Vickers	Equities	Singapore	Conference	1
24-Jun-2016	DBS Vickers	Equities	Hong Kong	Non-Deal Roadshow	2
27-Jun-2016	CICC	Equities	Hong Kong	Teleconference	1
27-Jun-2016	CIMB	Equities	Hong Kong	Non-Deal Roadshow	2
28-Jun-2016	DBS	Equities	Singapore	Non-Deal Roadshow	3
4-Jul-2016	Haitong	Equities	Hong Kong	Non-Deal Roadshow	1
8-Jul-2016	Financial PR	Equities	Shenzhen	Hong Kong-Shenzhen Connect	1
8-Jul-2016	Haitong	Equities	Shenzhen	Shenzhen Non-Deal Roadshow	1
28-Aug-2016	Barclays, Credit Suisse, HSBC, AMTD, DBS Vickers, Deutsche Bank, Guotai Junan, Haitong, OCBC	Fixed income	Hong Kong/ Singapore/ London	MTN Programme Roadshow/ London investors conference call	2
23-Sep-2016	FEC	Equities	Shenzhen	Non-Deal Roadshow	1
6-Oct-2016	Haitong	Equities	Hong Kong	Non-Deal Roadshow	1
12-Oct-2016	Guosen	Equities	Shenzhen	Shenzhen-Hong Kong Stock Connect Conference	1
12-Oct-2016	Guosen	Equities	Shenzhen	Guosen Strategic Meeting	1
14-Oct-2016	CITIC Securities	Equities	Shenzhen	Investor Conference	1
14-Oct-2016	HKIRA/CITIC	Equities	Shenzhen	Hong Kong-Shenzhen Conference	1
24-Nov-2016	CIMB	Equities	Hong Kong	Non-Deal Roadshow	2
25-Nov-2016	DBS Vickers	Equities	Hong Kong	Non-Deal Roadshow	2
28-Nov-2016	AMTD	Equities	Hong Kong	Non-Deal Roadshow	2
1-Dec-2016	Jefferies	Equities	London	London Non-Deal Roadshow	1
7-Dec-2016	Nomura	Fixed Income	Hong Kong	Nomura High Yield Day	1
7-Dec-2016	CLSA	Equities	Sydney/ Melbourne	Australia Non-Deal Roadshow	2
9-Dec-2016	Euromoney	Equities	Hong Kong	Euromoney Investor Summit	1
13-Dec-2016	Credit Suisse	Equities	Hong Kong	Non-Deal Roadshow	1
5-Jan-2017	DBS Vickers	Equities	Singapore	Investor Conference	1
6-Jan-2017	Financial PR	Equities	Shenzhen	Investor Conference	1
9-Jan-2017	Deutsche Bank	Equities	Beijing	Investor Conference	3
16-Jan-2017	CCBI/Jefferies/CIBC	Equities	USA/Canada	Non-Deal Roadshow	12
19-Jan-2017	The Chamber of Hong Kong Listed Companies	Equities	Shenzhen	Investor Conference	1
22-Feb-2017	Citi	Fixed income	Singapore	Investor Conference	2
29-Mar-2017	Philips/Cathay Securities	Equities	Taipei	Non-Deal Roadshow	2

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Starting this Year, the Group provides English and Mandarin simultaneous interpretation during the annual and interim results announcement briefing, webcast playback and online Q&A session. This allows overseas shareholders to understand Company's business updates without being limited to geographical locations.

The analysts' coverage on FEC also increased. During FY2017, AMTD, UOB and China Galaxy Securities had published their initiation reports on the Group. Together with update reports from DBS Vickers and CIMB, there were a total of 10 reports published on the Group in FY2017.

The Corporate Finance and Investor Relations Department will continue to improve the Group's information transparency through timely communication with external investors as well as through regular corporate disclosures to ensure that the share price will better reflect the underlying value of the Group's business.

The Group has won a number of international awards on the company management, investor relations, corporate governance and corporate social responsibility. Awards including multiple awards in FinanceAsia's "Best Company Poll 2017", including "Top 4 Most Committed to Corporate Governance Company in Hong Kong" and "Top 4 Best Investor Relations – Venus Zhao in Hong Kong"; eight top honours in 2016 Asiamoney Polls highlighted by "Best Managed Small Cap Company Hong Kong", and ranking first across all categories in Hong Kong including "Best Overall for Corporate Governance", "Best for Disclosure and Transparency", "Best for Shareholders' Rights and Equitable Treatment", "Best for Responsibilities of Management and the Board of Directors", "Best for Investor Relations", and "Best for Corporate Social Responsibility"; Best Managed Company in Asia in the Real-Estate Category in Euromoney's Best Managed Companies Survey 2016; "Best Investor Relations Award" in 2016 China Financial Market Listed Companies Awards – Ms. Venus Zhao, gold award in four categories of Governance, Social Responsibility, Environmental Responsibility and Investor Relations at "The Asset Corporate Awards 2016"; eight award nominations and triumphs with three awards at IR Magazine Awards – Greater China 2016, including "Best Overall Investor Relations (small & mid-cap)", "Best in Sector: Real Estate", and "Best Investor Relations Officer (small & mid cap) – Ms. Venus Zhao, "Best IR Company (Small Cap)" in the Hong Kong Investor Relations Association 2nd IR Awards, and "Best at Corporate Social Responsibility" in FinanceAsia's "Asia's Best Managed Companies 2016" Poll.

The Group's Corporate Finance and Investor Relations Department will continue to promote a professional corporate governance and aim at building up long-term relationships based on credibility and mutual-trust through transparent, effective and proactive communications with our investors, analysts and other stakeholders.

Medium Term Notes Programme Celebration Dinner

Materiality assessment

Apart from our regular communication channels, this Year, we have authorised an independent third party to conduct a stakeholder engagement survey for us during the early stage of the preparation of this report. The major purpose of the survey is to understand and evaluate the perceptions and expectations of our stakeholders with regard to ESG issues. Through an anonymous online survey, stakeholders were asked to provide feedback on ESG issues that they consider important as stakeholders. We have engaged over 650 individuals of nine different stakeholder groups from Hong Kong, Mainland China and Australia. They are comprised of our employees, investors, property buyers, hotel guests, business partners, suppliers, contractors, industry associations and community partners.

We have also engaged our management team to obtain a fair and comprehensive analysis of our material ESG issues. 12 management members participated in the survey and provided feedback on ESG issues they consider important based on their understanding of the Group's operations.

Material ESG issues of the Group were identified as a result of the stakeholder engagement survey. The result will guide us in formulating our long-term ESG strategies and help us to prioritize in disclosing ESG issues in this report. ESG issues considered most material to our stakeholders and to the Group as a whole are included as the following.

Employment practices	Occupational health and safety	Equal opportunity	Training and development
Child and forced labour	Energy usage	Impact on the environment and natural resources	Customer satisfaction
Health and safety of products and services	Customer privacy	Anti-corruption	Community investment

Employment and labour practices

Environment

Operating practices

Community

Our Environment

We strive to maximise our environmental value creation through continuously improving our environmental performance. Our strategy is to identify the environmental impacts associated with our operations and gradually incorporate environmental practices into our operations.

To better manage our environmental risks and opportunities, the Group has formulated a comprehensive Environmental Policy in FY2017. The policy demonstrates our commitments and approaches in addressing environmental issues, from the use of resources to various types of emissions. With the support from our ESG Committee, the Environmental Policy has been fully implemented and adopted across all business units within the Group. The policy is used as a guiding principle for business units to make day-to-day decisions.

We expand our efforts to encourage our contractors to adhere to our environmental standards. With the aim to raise their environmental consciousness, we work together in our regular meeting to explore possible ways to incorporate environmentally friendly practices at the construction sites. From utilizing energy efficient electricity generators to using recycled water to clean vehicles on sites, we strive to minimise our impacts on the environment.

Our achievements in mitigating our environmental impacts over the years have been widely recognised. In particular, three of our hotels in Hong Kong are either benchmarked or certified by EarthCheck, the world's leading scientific benchmarking certification and advisory group for travel and tourism. This tourism certification confirms that our hotels demonstrate our commitment to positive environmental and social performance, and at the same time provide a source of confidence for our hotel guests.

Dorsett Wanchai Hong Kong
EarthCheck Silver Certified

Cosmo Hotel Hong Kong
EarthCheck Silver Certified

Dorsett Mongkok Hong Kong
EarthCheck Silver Certified

We believe that we can only manage our environmental impacts when we can measure them. Hence, we have identified key performance indicators and started engaging business units to collect environmental data. While we continue the collection of environmental data, we will begin analysing the data to ensure completeness, accuracy and consistency to prepare for complete disclosure of our environmental performance data next year.

Climate change and energy

As a conglomerate that operates in multiple regions around the world, we recognise that climate change poses a risk to our business and that we should contribute to mitigation of climate change challenges. Reducing carbon emissions arising from the activities of our operations is a commitment in our Environmental Policy.

With the majority of our carbon footprint coming from electricity use, we prioritise resources in the development and implementation of electricity saving measures. No step is too small to reduce our electricity consumption in our offices. We prefer the use of energy efficient appliances, and make sure all appliances, such as printers, copy machines, lights and air conditioners, are switched off during weekends and holidays when offices are not in use. We also remind our employees to switch off their computers after work to avoid any unnecessary electricity usage. The entire office has adopted the use of energy-efficient fluorescent light-bulbs, switched from 75-Watt high output model to 40-Watt soft light model. With the installation of all new light-bulbs, a total reduction of energy is about 500 kW per year.

Adopting energy efficient technologies at our hotels

During the Year, we have invested in upgrading the equipment at our hotels with the aim to reduce electricity consumption in the long term. In Dorsett MongKok, Hong Kong and Silka Far East, Hong Kong, we have replaced our existing chiller plants with higher quality and higher energy efficiency models. Correspondingly, our electricity consumption will be cut down, and our electricity bill will be reduced by 10%-20% each year. LED lights have been used in our new opening hotels, such as Sillka Tsuen Wan and Dorsett Tsuen Wan, as they are considered as having better energy performance. As such, we have gradually upgraded the lighting systems at our existing hotels. Silka Seaview, Hong Kong, for example, has replaced its exiting traditional T8 tubes with more energy efficient LED lights in public areas. This contributes to an estimated 50% savings in electricity cost every year.

Water conservation

Water is an essential resource for our operations, as well as the planet. We are committed to minimising unnecessary consumption of water through active monitoring and managing of our water consumption.

The majority of our water consumption comes from our hotel operations. Therefore, we have been constantly searching for solutions to conserve water across our hotels. Over the years, we have implemented a number of water conservation initiatives at our hotels. This includes the installation of water efficient taps and showerheads in guest rooms and public bathrooms of some of our hotels. We have also taken the opportunity to engage our hotel guests in reducing water consumption with us. We hope to raise awareness among our hotel guests on water conservation through putting up water conservation signs in guest rooms.

Every drop counts

We are willing to take every step, no matter how small, to conserve water. At our hotels, we encourage our guests to support our water conservation initiative by reducing the frequency of changing linen during their stay while maintaining cleanliness and hygiene. We ask our guests to notify our room attendants when they want their linen changed instead of requesting daily linen changes. The less frequently linen is changed and washed, the less water is consumed.

Despite less significant, the use of water saving devices at our corporate office in Hong Kong has also contributed to water conservation. When we purchase new water devices, we rely on water efficiency labels to help us to choose the best devices. We have installed dual water efficient taps, showerheads and dual flush system in our toilets, and regularly examine such devices to prevent leaks.

Going forward, we will keep a closer watch on our water consumption performance record and continue to explore ways to further reduce our water footprint.

Waste management

Waste generation is inevitable across our operations. The Group has adopted suitable waste handling and reduction measures in accordance with local law and regulations. It is our policy to reduce, reuse and recycle waste whenever possible. This includes waste generated from our corporate offices and hotel operations as well as construction and demolition waste from the operation of buildings. Further, our contractors are required to be responsible for the construction waste by appointing authorised waste collectors to remove the waste. We also encourage waste separation practices to reduce construction waste.

Reducing waste at source

We believe avoiding waste at source could be the most effective solution to reduce the generation of waste from our operations. The usual housekeeping practice for handling used bottled amenities is to directly dispose and replace with new ones. At our hotels, instead of disposing of used bottled amenities, we refill and reuse the bottles. This housekeeping practice has helped reduce plastic waste generation.

Plastic waste recycling with hotel guests

Another effective way to reduce our waste generation is to encourage recycling. At our hotels, we have placed plastic bottle recycling bins in noticeable areas to encourage our staff and hotel guests to recycle used plastic bottles. The results have been promising, and we have successfully collected approximately 20kg of plastic bottles each month.

Going paperless

As we acknowledge that a considerable amount of paper waste is generated at our corporate office, we have become more conscious of paper consumption in our corporate office. Electronic communication is preferred in our daily communication, such as distributing notices and newsletters, with our employees. Our employees are also encouraged to use paper more efficiently by utilising both sides of the paper. To divert waste from landfills, we have set up recycling bins at our office to collect waste paper.

Our Employees




Our employees are the primary force that contributes to the continued success of the Group. Recognising their efforts and being a committed, caring employer, we have put in place a number of policies and initiatives to create a fulfilling, enjoyable and safe work environment for them. Our Employees Handbook, which communicates FEC's commitment to and ethical expectations of employees, is one such instrument. It also demonstrates our adherence to the relevant laws and regulations. In particular, we provide equal opportunity for all employees and applicants for employment without regard to race, religion, colour, sex, family status, sexual orientation, national origin, age, marital status, physical disability, pregnancy, or any other basis prohibited by the applicable law. This policy extends to activities including recruitment and employment, promotion and transfer. The above has contributed to an inclusive and harmonious work environment for our employees.

To reward the hard work of our employees and retain the best talents in the industry, we offer a variety of benefits and compensation which are beyond the requirements of applicable laws and regulations. Apart from the gratuitous performance-based year-end bonus, we have initiated a special birthday arrangement to our permanent full-time employees. To celebrate the day, they can enjoy a one-day birthday leave with pay or a birthday red packet. We also present awards, including long service, star employee of the year and perfect attendance awards, in recognition of our employees' outstanding service and work. In addition, we provide promotion channels for our employees to advance their career based on their demonstrated performance and ability.

Employees code of conduct

We believe that the action of every employee contributes to build our reputation as one of the most respected international companies. Our employees must uphold their responsibility to behave ethically and protect the reputation of the Group. As such, we have implemented the Code of Business Conduct (the "Code") across different business functions to guide all our employees on how we should work and operate. The principles in the Code define who we are and demonstrate our commitment to honesty and integrity.

The Code clearly delineates unacceptable and corrupt behaviour which would result in bribery. In compliance with the Prevention of Bribery Ordinance, it provides the definition of unlawful acts and certain exceptions for employees to follow. On the other hand, the Code helps our employees to handle any potential conflict of interest for the best interest of the Group. We also use the Code to communicate our commitment in prohibiting the use of child and forced labour. All employees are obliged to observe our Code. To further ensure compliance, they are required to review and acknowledge their understanding and adherence to the Code annually.

The Group is committed to the highest possible standards of openness, probity and accountability. We encourage our employees to report any suspected misconduct or malpractice regarding financial reporting, internal control and other matters in any business unit. Employees can report any suspected non-compliance to the appropriate personnel as appointed by the Group, either verbally or in written form. Even if the case is not confirmed by an investigation, their concerns are still valued and appreciated. To foster a whistle-blowing culture, we make all reasonable efforts to ensure employees feel able to voice their concerns without fear of reprisal by protecting their anonymity.

During the Year, no concluded legal cases regarding corrupt practices were recorded.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Safe work environment and proactive employee engagement

We strive to provide each employee with a safe and healthy work environment. Our Employees Handbook and the Code have relevant policy descriptions in realising such an environment. The Company and its subsidiaries regularly organise safety training such as fire emergency evacuation drills for our employees to raise their safety awareness. In case of work-related injury, thorough investigation will be conducted to determine the cause of the injury for improvement in the future. Apart from offering facilities to foster a safe and healthy work environment, we consider each employee as sharing a joint responsibility to maintain workplace safety and health for all employees and to report accidents, injuries and unsafe equipment, practices or conditions. Employees are expected to perform their work in a safe manner by following all safety precautions prescribed by the business units and using necessary safety devices while operating equipment. Violence, threatening behaviour and illegal drug use will not be tolerated.

Other than providing a safe and healthy work environment, we are committed to creating an enjoyable work experience for our employees. Promoting the well-being of employees at work, we have organised a number of staff engagement activities internationally. These include annual dinners, annual parties, volunteer work, sports events, birthday celebrations, festive gatherings and skill-related competitions. Through these events, we not only facilitate work-life balance but also increase our employee's sense of belonging to the Company. To further keep our employees abreast of the latest news on the Group, we utilise digital channels to disseminate information. We also value our employee's inputs in making FEC a better workplace for all. As such, a grievance mechanism is in place to allow for an open and honest relationship between employees and the Group.

Badminton Competition

FEC and Dorsett Annual Dinner 2017

Participants from HK Corporate Office for Half Marathon Corporate Relay

FEC and Dorsett Annual Dinner 2017

We also make use of an annual employee survey to measure how engaged our employees are with us. The survey findings help our Company to create an engaging environment for our employees to work in alignment with our agenda in attracting, training, developing and retaining our talents.

Training and development opportunities

We understand the success of the Group depends on the effective placement, adequate training and development of abilities of our employees. It is our commitment to provide training and development programmes to them to enhance their job performance and prepare them for future advancement in FEC. For all our employees, an orientation and induction programme is arranged to help them to get to know the company culture and work environment. Subsequent training, whether in-house or external, is provided to employees subject to the needs of specific business units, apart from general safety training such as the annual fire emergency evacuation drill.

To provide learning opportunities for our employees in an organized manner, we have made use of training systems. At Dorsett, a Departmental Training System has been implemented since 2016 with the aim to further improve and enhance the job performance of the associates and create an engaging learning culture. Departmental trainers who are responsible for conducting the department-based on-the-job training are identified from every function of the hotels. A series of Train-the-Trainer (TTT) Workshops have been conducted to sharpen the trainer's skills and provide them with necessary knowledge in delivering effective training sessions. These TTT Workshops integrate lectures, role play and real-time practices in the training content. Through such training systems, we strive to advance our employees' learning experience.

Employees Training

As noted before, we promote our employees to advance their career based on their demonstrated performance and ability. Their performance and ability are reviewed regularly with the established performance review system.

Responsible Operation

We believe that strong ethics complement good business. By our commitment to operate with integrity and in accordance with the highest ethical standards, we foster trust and confidence among our stakeholders and maintain the Group's reputation. Our business decisions and practices are governed by the principles and standards set out in the Code. It prescribes the Group's core values as a responsible company and provides clear guidance to ensure that we are in full compliance with all applicable laws where we operate. The Code is applicable to the Board and all employees, where they are subject to certain responsibilities and obligations. Violations of the Code will result in disciplinary action.

Customers first

Our hotel operations aim to delight our guests by creating consistently engaging experiences that embody our operating philosophy of '...bringing Asian hospitalities to the world'. We strive to achieve the highest guest satisfaction experience by instilling a culture of continuous improvement and ensuring that processes, systems and behaviour changes are addressed and sustained. In order to measure, monitor and manage guest satisfaction, our hotels utilise the following channels:

Dorsett Wine Hour at Dorsett Wanchai, Hong Kong (with live performance)

In-room Guest Questionnaire

The form is placed in all our hotels' guestrooms for the convenience of our guests to complete and submit to our associates upon check-out. The objective is to table and address any comments as well as positive feedbacks to be shared with the hotels' associates and operating team members.

Dorsett Wine Hour

In an effort to foster closer relationship with our guests and adopt a more personal approach to enhance guests' satisfaction, Dorsett Wine Hour was introduced at our hotels. Through this weekly one-hour networking event with complimentary drinks, long-stay guests, regular guests and clients from corporate companies are invited such that we could build a strong bonding between our guest and our management team.

Online platforms

Every guest is encouraged to share their experiences upon checking out from any Dorsett hotels via various online guest comment platforms such as TripAdvisor, Booking.com, Agoda and CTrip. All feedback is monitored closely. This allows each hotel to obtain a deeper understanding of their reputation and performance as well as operational strengths and weaknesses.

We receive regular feedback and complaints from our guests via the above channels as well as other online platforms. All direct guest complaints are handled within 24 to 48 hours by our hotel associates, who are trained to handle guest complaints properly.

Our hotels in Hong Kong are pioneers in using smartphone facilities to ensure that our guests enjoy seamless connectivity and content when staying at any Dorsett hotel. Some of the smartphone functions enjoyed by our guests include 4G internet connectivity, WiFi hotspots to share internet access with the guests' own mobile devices, free local calls, free IDD calls and access to countless city offers and discounts, dining deals and places of interest. Our hotel guests can also connect with us using smart phones and provide instant feedback on our service quality.

We are fully committed to achieving operations excellence in our hotels and creating a memorable experience for our guests. The below recognition of our quality services from the hospitality industry has strengthened public confidence in our hotels.

Dorsett Wanchai, Hong Kong
The Best Selected Family Hotel in Hong Kong, awarded by Lotour.com
Outstanding Performance Award, awarded by Expedia
2016 Expedia+ VIP Access best of 2016, awarded by Expedia

Dorsett Mongkok, Hong Kong
Hotels.com™ Loved by Guests Award 2017, awarded by Hotels.com
Certificate of Excellence, awarded by TripAdvisor.com

Dorsett Tsuen Wan, Hong Kong
2016 Gold Circle Award, awarded by Agoda

Dorsett Kwun Tong, Hong Kong
2016 Certificate of Excellence awarded by Hotels.com
2016 Certificate of Excellence, awarded by TripAdvisor.com
2017 'Loved by Guests' Award, Hotels.com™ 2017, awarded by Hotels.com

Lan Kwai Fong Hotel @ Kau U Fong
2016/17 Certificate of Excellence, awarded by TripAdvisor

Silka Seaview, Hong Kong
Gold Circle Award, awarded by Agoda.com
City Hotel of the Year 2016, awarded by the Guangdong, Hong Kong, Macau Hotel General Managers Society

Striving to provide excellent service for our property customers, FEC will try a new CRM system to better manage our database. The system will provide new communication lines to all customers, including VIP clients. In addition, quarterly newsletters will be sent out including information gained from our Industry Insight Evenings as well as general FEC project updates and news.

Reliable products and services

The Group realises the importance of helping our customers to make informed decisions by effectively delivering information on our products and services to customers. We have worked to ensure the quality of information in three key dimensions – transparency, clarity and reliability.

As the Residential Properties (First-hand Sales) Ordinance came into effect in April 2013, the Group has devoted resources to ensure that all marketing materials and sales arrangements (including sales brochures, price lists, payment terms, show flats, registers of transactions and advertisements) in regard to the sales of residential properties are fully compliant with the Ordinance. To protect our customers, for example, we provide training to property agencies before they are allowed to conduct sales activities at our show flats in Hong Kong. Inspections at our show flats and examination of relevant marketing materials were conducted by the authority, which determined that we comply with the Ordinance.

Safeguarding the privacy of our customers ensures they feel confident and comfortable when purchasing our products or using our services. As outlined in our Product Responsibility Policy, the Group strictly follows the Personal Data (Privacy) Ordinance in Hong Kong and relevant legal requirements relating to the collection, retention, handling, disclosure and use of personal data in other operating locations. A personal information collection statement is included upon collection of customers' personal data, and we will not use customer data in direct marketing or communication without prior consent from our customers. All personal information is retained in the Group's internal system, which is only accessible by authorised employees with an individual password.

Engaging our suppliers

The Group has continuously improved our supply chain management to ensure the stability of our suppliers while maximising the value created to our business. Our suppliers have always been key partners who contribute greatly to the delivery of quality products and services. To ensure the environmental and social risks are properly managed within the supply chain, a Procurement Policy has been formulated and implemented across our operations. The policy strives to promote strict and fair procurement ethics and ensure our suppliers share our commitments to honesty and integrity. The policy also favours suppliers who invest resources in maintaining a safe and healthy environment for their employees. Expectations on suppliers to manage the environmental impacts of their operations are well outlined in the policy.

Our Community

Apart from contributing to the community with our business, we maintain a strong presence in society in terms of our community work. With our community-based business, we see the importance of facilitating the growth of our local communities and a sustainable future. While we have invested resources into a wide range of community projects on the environment, education and society, the promotion and sustainability of arts and culture have been the focus of our contribution.

Our duty as a responsible corporate goes beyond donations. For example, Dorsett's hotels work closely with their local communities on critical development and environmental issues to effect positive changes to society over the long term. The following case studies illustrate some of the efforts made:

Cultivating young talents for the sustainability of the hospitality industry

Dorsett Wan Chai, Hong Kong was honoured with the Caring Company logo by The Hong Kong Council of Social Service in recognition of its various community efforts with different partners, including Hong Kong Sea School, Polytechnic University, Institute of Vocational Education and St. Christopher's Home; as well as other social activities such as elderly home visits.

One of the highlights is the 10th year collaboration with Hong Kong Sea School, a programme aimed to provide graduates of Hong Kong Diploma of Secondary Education the opportunity to experience the hotel's operation which ultimately benefited the students.

Dorsett Wan Chai, Hong Kong Elderly home visit

Caring for the less fortunate and elderly


Dorsett Kwun Tong Caring Fund

Dorsett Kwun Tong, Hong Kong Caring Fund was established in July by Dorsett Kwun Tong, Hong Kong with the support from St. James' Settlement. The concept of setting up a charity fund was initially raised by the Caring Team from the hotel. It was then supported by the hotel management team with collaboration of St. James' Settlement – the professional partner on social service which will take charge of the administrative work of the Foundation. The foundation will run as a matching fund and aim to provide immediate assistance to the needy.

Promoting higher education

Reunion gathering for Dorsett Scholarship awardees

Dorsett Hospitality International Scholarship 2016

As part of the Group's continuous support in promoting higher learning, Dorsett has contributed over HK$1.5 million throughout the last four years with over 510 award recipients from Ju Ching Chu Secondary Schools and Vocational Training Council. After weeks of preparation, the very first Reunion@Dorsett event was held on 7 June 2016 at Dorsett Wan Chai, Hong Kong.

The event was well attended by 60 joiners from HK Corporate Office and HK Hotel Operators to meet with these scholarship awardees in Hong Kong. Participants included current university students who graduated from Ju Ching Chu Secondary Schools, students in their final year of studies in the hospitality and interior design programme at the Vocational Training Council and interns from Wu Yee Sun College, the Chinese University of Hong Kong.

Ms. Winnie Chiu, the President and Executive Director of Dorsett, shared her vision and spoke about the importance of corporate social responsibility to help the next generation with their personal growth and in realising their dreams.

Saving planet Earth initiatives

Lan Kwai Fong Hotel@Kau U Fong participated Wood Recycling and Tree Conservation Scheme

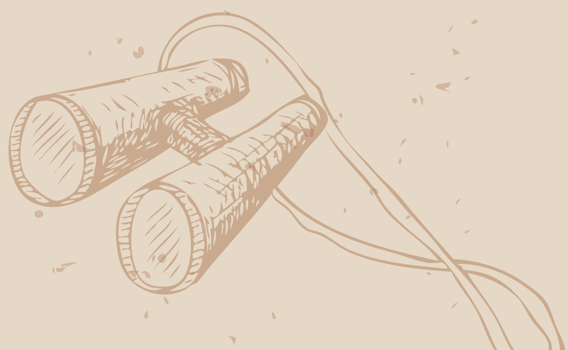
Lan Kwai Fong Hotel@Kau U Fong participated in the Wood Recycling and Tree Conservation Scheme organised by Hong Kong Environmental Protection for efforts such as recycling peach blossoms after Chinese New Year. The peach blossom trees were collected after the festive season and recycled as organic fertiliser.

Every year, there are over 200 tons of peach blossom and CNY plants discarded in Hong Kong. Lan Kwai Fong Hotel@Kau U Fong hopes to help to reduce waste and relief the burden of landfill disposal which will ultimately create a more sustainable environment.

Our active involvement in community development has been well-received. In recognition of our community investment, we have received a number of awards and logos which are shown in the following table. While showcasing the achievements we have made, they constantly remind us of the importance of giving back to our community.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Award Name	Awarding Organization	Receiving Party
Best Listed Company at Social Responsibility in Golden Hong Kong Stocks Awards 2016 Voting	Zhitongcaijing.com	FEC
Best at Corporate Social Responsibility in Asia's Best Managed Companies 2016 Poll	FinanceAsia	FEC
Gold Award in The Asset Corporate Awards 2016	The Asset	FEC
Caring Company Logo 5+	Hong Kong Council of Social Service	Dorsett
Accessibility Award 2016 in The Catey Awards 2016	The Caterer	Dorsett
Caring Company 5+ Logo	Hong Kong Council of Social Service	Dorsett Wanchai, Hong Kong
2016/2017 Caring Company Logo	Hong Kong Council of Social Service	Dorsett Tsuen Wan, Hong Kong Dorsett Kwun Tong, Hong Kong Silka Seaview, Hong Kong Silka West Kowloon, Hong Kong Silka Far East, Hong Kong Dorsett Mongkok, Hong Kong
2016/2017 Barrier-free Companies/ Organizations	Hong Kong Council of Social Service	Dorsett Kwun Tong, Hong Kong



HKEx Environmental, Social and Governance Guide Content Index

ESG Aspects	General Disclosure	Reference
A.Environmental		
A1: Emissions	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Our Environment
A2: Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials.	Our Environment
A3: The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Our Environment
B.Social		
Employment and Labour Practices		
B1: Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Our Employees
B2: Health and Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our Employees
B3: Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our Employees

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Aspects	General Disclosure	Reference
B4: Labour Standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our Employees
Operating Practices		
B5: Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	Responsible Operation
B6: Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Responsible Operation
B7: Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Our Employees
Community		
B8: Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our Community

http://www.fecil.com.hk

AWARDS AND ACCOLADES

1 APRIL 2016–31 MARCH 2017

- TOP 8 in the "Best at Corporate Social Responsibility" category in the "Asia's Best Managed Companies 2016" Poll organized by FinanceAsia

- Hong Kong Investor Relations Association Best IR Company (Small Cap)

- 2015 LACP Vision Awards Annual Report Competition
  - The Silver Award – Real Estate/REIT
  - The Bronze Award – Consumer Services – Hotels/Restaurants/Leisure
  - The Top 80 Annual Reports in the Asia-Pacific Region
  - The Top 50 Chinese Annual Reports of 2015

- The "Best Managed Company in Asia in the Real-Estate Category" in Euromoney's "Best Managed Companies Survey 2016"

- "30th International ARC Awards" Competition"
  - Silver Award in the category of "Traditional Annual Report"
  - Bronze Award in the category of "Written Text", under the class of "Real Estate Integrated Development & Investment"

- IR Magazine Awards – Greater China 2016
  - Best Overall Investor Relations (small & mid-cap)
  - Best in Sector: Real Estate
  - Best Investor Relations Officer (small & mid cap) – Ms. Venus Zhao

- iNOVA Awards 2016
  - Gold Award for "Activism/Cause Marketing in Video Category"
  - Silver Award for "Virtual Conference in Marketing Category"
  - Bronze Award in "Corporate Website Category"

- Gold Award in four categories of Governance, Social Responsibility, Environmental Responsibility and Investor Relations at "The Asset Corporate Awards 2016"

- 2016 China Financial Market Best Investor Relations Award – Ms. Venus Zhao

- Zhitongcaijing.com & www.10JOKA.com.cn Best Listed Company at Social Responsibility in Golden Hong Kong Stocks Awards 2016

- Asiamoney
  - 2016 Asiamoney Polls: Best Executive in Hong Kong – Tan Sri Dato' David Chiu
  - 2016 Asiamoney Polls: Best Managed Small Cap Company Hong Kong
  - 2016 Asiamoney Polls: Best for Disclosure and Transparency
  - 2016 Asiamoney Polls: Best for Shareholders' Rights and Equitable Treatment
  - 2016 Asiamoney Polls: Best for Responsibilities of Management and the Board of Directors
  - 2016 Asiamoney Polls: Best for Investor Relations – Ms. Venus Zhao
  - 2016 Asiamoney Polls: Best for Corporate Social Responsibility

- FinanceAsia
  - FinanceAsia's Best Company Poll 2017: Best Mid-Cap Company in Hong Kong
  - FinanceAsia's Best Company Poll 2017: Best CEO in Hong Kong – Tan Sri Dato' David Chiu
  - FinanceAsia's Best Company Poll 2017: Top 4 Best Managed Companies in Hong Kong
  - FinanceAsia's Best Company Poll 2017: Top 4 Most Committed to Corporate Governance Company in Hong Kong
  - FinanceAsia's Best Company Poll 2017: Top 4 Best Investor Relations – Venus Zhao in Hong Kong
  - FinanceAsia's Best Company Poll 2017: Top 3 Best at Corporate Social Responsibilities in Hong Kong

- MerComm,Inc: International Mercury Awards 2016/2017
  - Silver Award: Annual Reports – Overall Presentation Category
  - Silver Award: Websites/Mobile Media Category [Investor/Shareholder Relations Site]
  - Bronze Award: Annual Reports Interior Design Category [Traditional Format]

- The International Annual Report Design Awards: IADA Winter Awards Silver Award: Traditional Format Category [Real Estate Development – integrated presentation]

AWARDS AND ACCOLADES

1

2

3

4

1 Mr. Andrew Rashbass, CEO of Euromoney, presented the award to Tan Sri Dato' David Chiu, Chairman of FEC.

2 On behalf of Tan Sri Dato' David Chiu, Chairman of FEC, Ms. Winnie Chiu, President of Dorsett, accepted "Best Executive in Hong Kong" in Asiamoney's Best Managed Companies Poll 2016. On behalf of the Group, Mr. Chris Hoong, Managing Director of FEC, accepted "Best Managed Small Cap Company Hong Kong" in Asiamoney's Best Managed Companies Poll 2016.

3 On behalf of the Group, Mr. Chris Hoong, Managing Director of FEC, and Venus Zhao, Head of Corporate Finance and Investor Relations of FEC, accepted six top honours highlighted by "Best Overall for Corporate Governance" in Asiamoney's Corporate Governance Poll 2016.

4 Ms. Venus Zhao, Head of Corporate Finance and Investor Relations of FEC (Left) on behalf of the Group accepted the Gold Award at "The Asset Corporate Awards 2016" on 15 December, 2016 at the Four Seasons Hotel.

DORSETT HOSPITALITY INTERNATIONAL

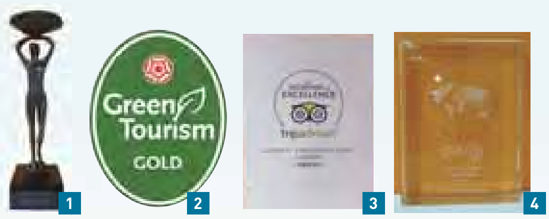
- The Most Influential Brand Hotel Management Group accorded by International Hotel Forum Organisation (IHFO)

- Most Progressing Hotel Groups of China by China Starlight Award
- Caring Company Award

UNITED KINGDOM

Dorsett Shepherds Bush

- Chicago Athenaeum–Museum of Architecture and Design and The European Centre for Architecture Art Design and Urban Studies: International Architecture Award 2016



1 The Catey Awards 2016 : Accessibility Award

2 The Green Tourism Business Scheme 2016: Gold Award Recognition

3 Tripadvisor.com: Certificate of Excellence

4 Gulliver: Powering Global Travel Award 2016

HONG KONG

Dorsett Wanchai, Hong Kong

- Hong Kong Council of Social Service: Caring Company 5+ Logo
- Lotour.com: The Best Selected Family Hotel in Hong Kong

Dorsett Mongkok, Hong Kong

- Hotels.com™ Loved by Guests Award 2017
- Tripadvisor.com: Certificate of Excellence

Dorsett Tsuen Wan, Hong Kong

- The Hong Kong Council of Social Service 2016/2017 Caring Company logo

- Agoda: 2016 Gold Circle Award

Dorsett Kwun Tong, Hong Kong

- Hotels.com: 2016 Certificate of Excellence
- Tripadvisor.com: Certificate of Excellence
- Hong Kong Council of Social Service 2016/2017 Caring Company

AWARDS AND ACCOLADES

- Hong Kong Council of Social Service 2016/2017 Barrier-free Companies/Organizations

Lan Kwai Fong Hotel @ Kau U Fong

- Tripadvisor.com: Certificate of Excellence

Cosmo Hotel Hong Kong

- Caring Company 5+ Logo

- EarthCheck Silver Certified

Silka Seaview, Hong Kong

- Agoda.com Gold Circle Award

- Hong Kong Council of Social Service Caring Company Logo 2016/17

- The Guangdong, Hong Kong, Macau Hotel General Managers Society City Hotel of the Year 2016

Silka West Kowloon, Hong Kong

- Hong Kong Council of Social Service Caring Company Logo 2016/17

Silka Far East, Hong Kong

- Hong Kong Council of Social Service Caring Company Logo 2016/17

CHINA

Dorsett Shanghai

- 2016 Excellent Guest Review Score Accorded by Hotels.com

- Preferred Partner 2016 Accorded by Hotelbeds

AWARDS AND ACCOLADES

- 2016 Top Most Consumer Sentiment Hotel Platinum Awards
  Accorded by International Hotel Forum Organization

- 2016 The Best Partner – Booking.com Shanghai Appreciation Night
  Accorded by Booking.com

Dorsett Grand Chengdu

- General Manager of the Year
- International Hotel Forum Organization Best MICE Hotel
- 2016 National Five Star Medal Award

SINGAPORE

Dorsett Singapore

- CTrip 2016 Best Service Hotel (Travelers' Top Spots)
- Hotels.com 2016 Excellent Guest Review Award
- National Fire & Civil Emergency Preparedness Council (NFEC) 2016 Fire Safety Excellence Award
- Booking.com 2016 Guest Review Awards
- Singapore Hotel Association, the Singapore Police Force and the National Crime Prevention Council 2016 Hotel Security Excellence Award
- World Luxury Hotel Awards 2016 Luxury Contemporary / Stylish Hotel (Global Winner)
- CTrip 2016 Top Hotel
- 2016-2018 Regional Awards Series
  - Housekeeping Excellence
  - Service Excellence
  - GM of the Year

MALAYSIA

Dorsett Grand Subang

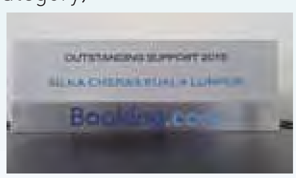
- Booking.com 2015 Outstanding Support

Dorsett Grand Labuan

- Hospitality Asia Platinum Awards (HAPA) Regional Series: 2016-2018 "HAPA Best 5-Star Hotel" and "HAPA Service Excellence - Accommodation"

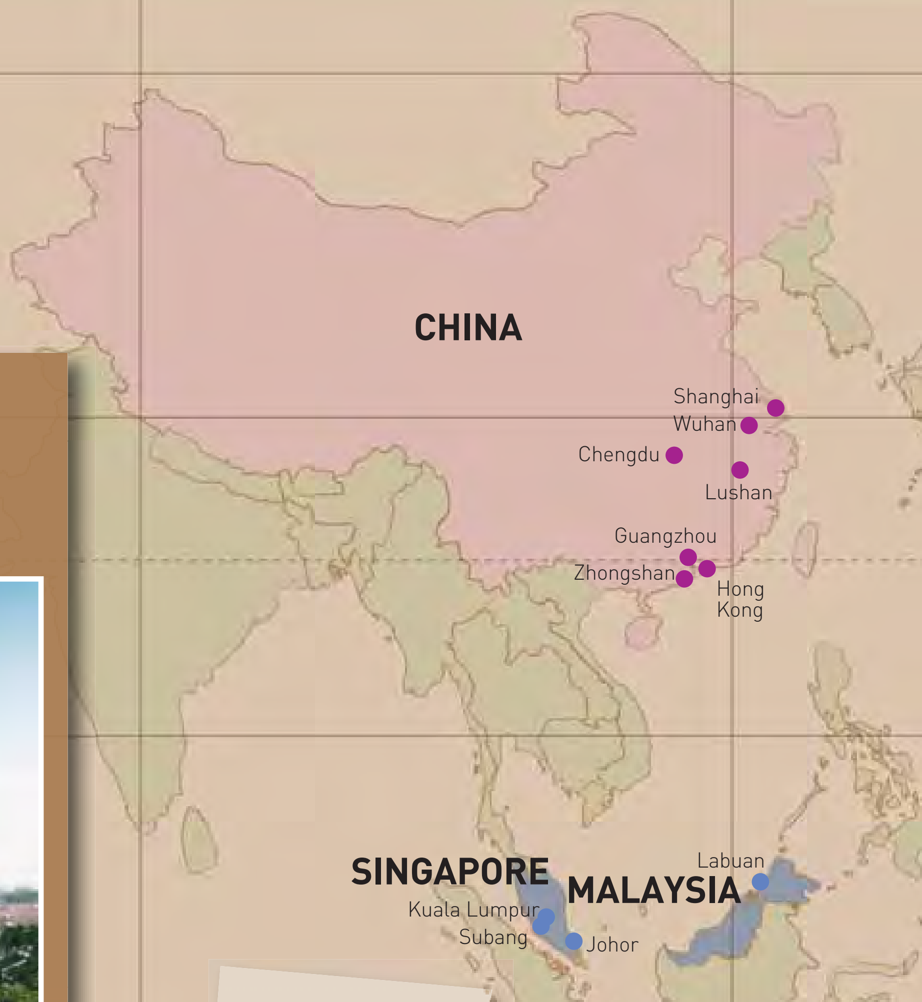
Silka Cheras

- Booking.com Excellence Award 2016 (Outstanding Support category)



Dorsett Kuala Lumpur

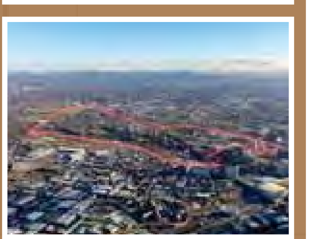
- Gulliver's Travel Associates : Powering Global Travel Awards 2015 (Most Improved Hotel)



UNITED KINGDOM

- Property development
- Hotel operations
- Car park operation





SINGAPORE

- Property development
- Investment properties
- Hotel operations


MALAYSIA

- Property development
- Investment properties
- Hotel operations
- Car park operations and facilities management


DIVERSIFIED AND BALANCED PORTFOLIO OF BUSINESSES

FEC has a geographically diverse footprint across the Asia Pacific and Europe

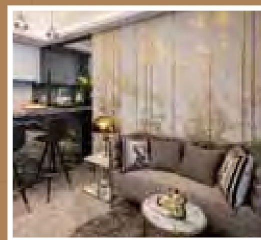
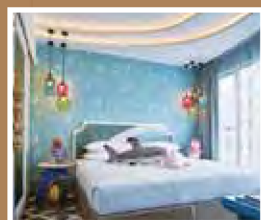
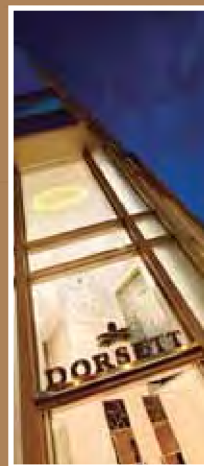
MAINLAND CHINA

- Property development
- Investment properties
- Hotel operations



HONG KONG

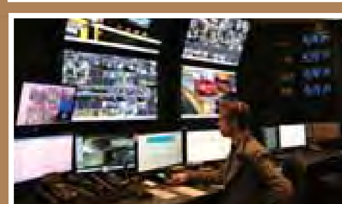
- Property development
- Investment properties
- Hotel operations

AUSTRALIA & NEW ZEALAND

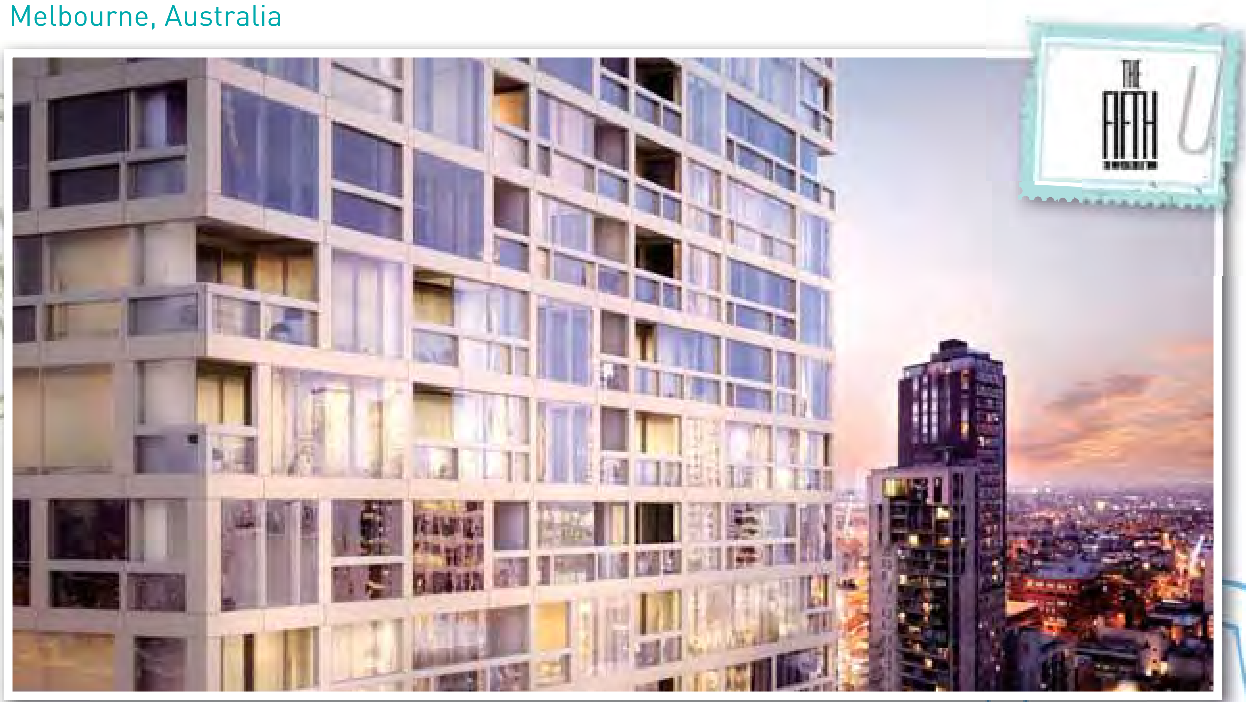
- Property development
- Investment properties
- Hotel operations
- Car park operations and facilities management
- Gaming and Entertainment



MAJOR PROJECTS

Melbourne, Australia



Project Name: The FIFTH

Development Address: 605 Lonsdale Street

District: Central Business District, Melbourne

Property Website: www.thefifthapartments.com.au

Approximate Saleable Floor Area (Sq. ft.): 284,000

Expected Net Lettable Floor Area (Sq. ft.): 3,200

Number of Residential Units: 402

Launch Time: FY 2015

Expected Completion: FY 2018

Building Floors (including retail area): 50

Geographical Environment:
The site fronts onto Lonsdale Street, between King and Swanston Street in Melbourne. It shares Rose Lane with Tower 3 at Upper West Side. Short walking distance to the site is Spencer Street train station and the Spencer Street shopping precinct. The Property is located within the Melbourne CBD Grid.

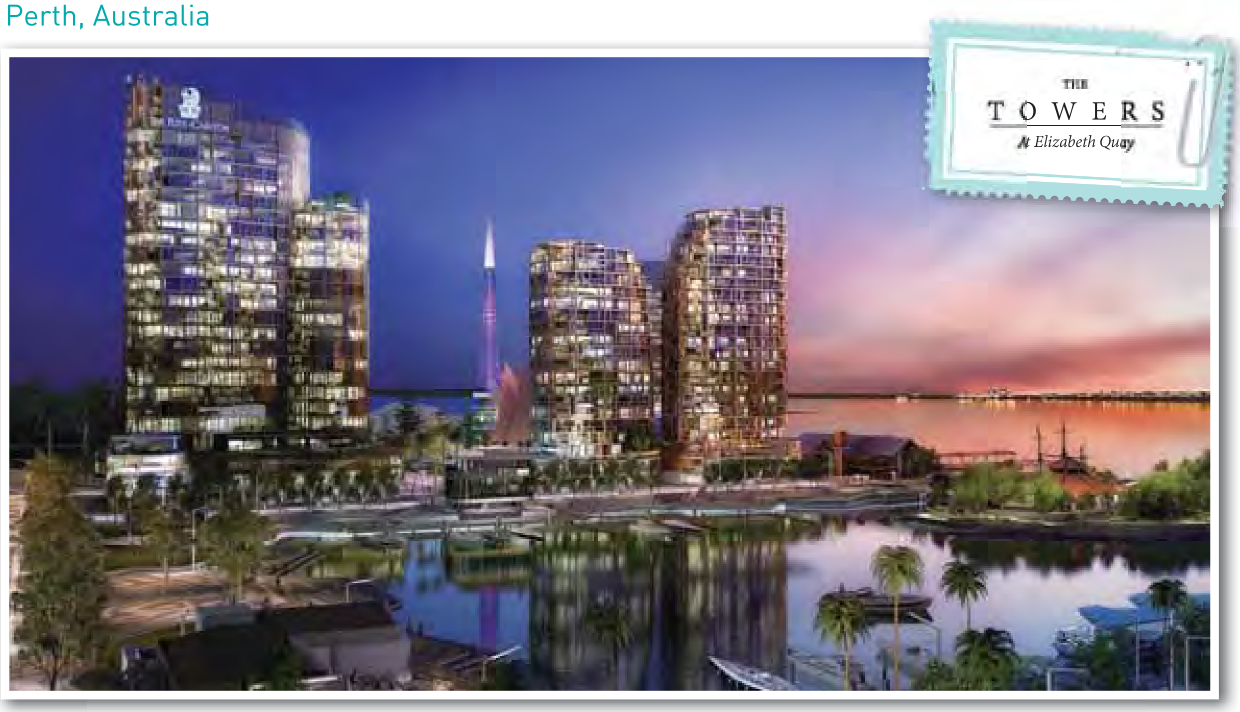
Planning and Design:

- It is equipped with its very own ground-floor retail precinct, 8 levels of car parking and bicycle storage.
- It offers stunning North, East and South views of Melbourne CBD.
- The FIFTH's residential recreational space located on level 5 is designed by Jack Merlo, a renowned award winning landscape designer and architect, and features a pool, spa, gym, garden lounge, landscaped rooftop garden, residents' lounge with fireplace and communal dining space with teppanyaki grills, offering the best of indoor and outdoor urban design in the heart of the CBD.

Project Highlight:
The property is a 50-storey building that includes ground level retail shops and residential uses. The development will consist of 402 apartments, and includes a structured parking garage which will consist of 206 car park spaces.

MAJOR PROJECTS

Perth, Australia



Project Name: **The Towers at Elizabeth Quay**

Development Address:
Elizabeth Quay Perth, edge of CBD and Swan River along the Eastern Promenade on Barrack Street, Perth

District: Central Business District, Perth

Property Website: www.thetowersperth.com.au

Approximate Saleable Floor Area (Sq. ft.): 320,000

Approximate Net Lettable Floor Area (Sq. ft.): 18,000

Number of Residential Units: 379

Number of Hotel Rooms: 204 rooms (Ritz – Carlton hotel)

Launch Time: FY 2016

Expected Completion: FY 2020

Geographical Environment:
- The Towers with the proposed Ritz-Carlton hotel as its centrepiece at Elizabeth Quay is located on the water's edge of the Swan River, and nestled between the Perth CBD, beautiful and expansive Kings Park, and Stirling Gardens.
- Elizabeth Quay reconnects the CBD with the Swan River, across 10 hectares of riverfront land between Barrack and William Streets. It will play host to a diverse mix of event and recreational spaces, transforming into a vibrant, contemporary, city destination.
- This exclusive riverside precinct will feature a stunning inlet connected by 1.5km of continuous boardwalks and promenades. At its entrance, a bridge will lead to an island complete with winding paths, kiosk and children's playground with spectacular views back to the city.
- As a mixed-use residential and commercial hub, it will feature restaurants, shops, cafes and entertainment venues, providing a new opportunity for Western Australians to celebrate by the water.

Planning and Design:
- The Towers at Elizabeth Quay will feature premium 1, 2 and 3 bedroom residential apartments, pool, gym and prestigious ground-floor retail precinct. The two towers contain 379 apartments, 104 apartments in tower 1, incorporating the Ritz-Carlton Hotel also, and 275 apartments in tower 2.

Project Highlight:
- Designed as part of a planned mixed-use complex that is intended to include the proposed "The Ritz-Carlton, Perth", which is part of the iconic luxury chain of Ritz-Carlton hotels and resorts.
- With sweeping views over the Swan River, 400-hectare Kings Park and Botanic Gardens, the hotel is expected to be the centrepiece of the new Elizabeth Quay development and is part of the most significant and ambitious waterfront project ever undertaken in Western Australia.

MAJOR PROJECTS

Melbourne, Australia

Project Name: West Side Place

Development Address: 250 Spencer Street

District: Central Business District, Melbourne

Property Website: www.westsideplace.com.au

Approximate Saleable Floor Area (Sq. ft.) *: 2,600,000

Approximate Net Lettable Floor Area (Sq. ft.):
83,800 (104 retail shops)

Number of Hotel Rooms: 263 rooms (Ritz – Carlton hotel)
305 rooms (Dorsett hotel)

Number of Residential Units: More than 2,800

Launch Time: FY 2017 (Towers 1 and 2)
FY 2018 (Tower 4)

Expected Completion: FY 2021 (Towers 1 and 2)
FY 2022/FY 2023 (Tower 4)

Building Floors (Include Retail Area):
Tower 1: 81 Floors
Tower 2: 64 Floors
Tower 3: Under planning
Tower 4: 70 Floors

* Approximate saleable floor areas, including the retail and hotel components of the development, may vary subject to finalization of development plans.

Geographical Environment:
- The property represents a two-stage development known as "West Side Place", a major mixed-use development that will comprise four towers across the overall site.
- The site has main frontages with Spencer Street and Lonsdale Street and Little Londsale Street and Merriman Lane.
- The site is in immediate proximity to Spencer Street Train Station and Spencer Street Shopping Town.
- The property is located within the Melbourne CBD Grid.

Planning and Design:
Featuring four high-rise towers with over 2,800 apartments as well as Ritz-Carlton hotel at the top levels of Tower 1, West Side Place, Melbourne embodies a new height of luxury inner city living. Proudly positioned at the corner of Lonsdale and Spencer Streets, the highest tower at West Side Place will soar an impressive 81 storeys with the prestigious Ritz-Carlton hotel occupying the top levels, becoming Australia's tallest hotel.

Project Highlight:
- West Side Place is a mixed-use residential development located next to the Upper West Side development. It consists of saleable floor area for residential apartments of approximately 2.6 million sq. ft., a Ritz-Carlton hotel, with 263 hotel rooms, a Dorsett Hotel with 305 rooms retail components and other facility components.
- Towers 1 and 2 with approximately 1,400 apartments were already under presale in June 2016.
- Tower 4 with 835 apartments was launched in June 2017

MAJOR PROJECTS

Brisbane, Australia

Project Name: **Queen's Wharf**

Development Address: Queen's Wharf

District: Central Business District, Brisbane

Property Website: http://www.destinationbrisbaneconsortium.om.au/

Approximate Saleable Floor Area * (Sq. ft.): 1,800,000

Number of Residential Units:
Towers 4, 5 and 6 (residential units) approximately 2,000
5 hotels with approximately 1,100 rooms

Expected Launch Time: Tower 4: FY2019

Expected Completion: Planning

Building Floors (Include Retail area):
Tower 4: max.67 storeys
Tower 5: max. 63 storeys
Tower 6: max. 50 storeys

Planning and Design: The project comprises both the integrated resort component and the residential component and encompasses approximately 2,940,000 sq.ft, with approximately 1,290,000 sq.ft being over land and approximately 1,650,000 sq.ft being over river, consisting of three residential towers comprising approximately 2,000 apartments, 5 world class hotels (including the Ritz-Carlton Hotel owned by The Star), high end food and commercial outlets and a casino in Brisbane's prime waterfront district.

* Approximate saleable residential floor areas may vary subject to finalization of development plans.

Geographical Environment
Given the CBD location of the site, the surrounding uses include a broad range of tourism, and education activities, in addition to the commercial and retail activities of the CBD itself. These include:

- Cultural Precinct (opposite the site, adjoining the Victoria Bridge) – which includes the Queensland Performing Arts Centre (QPAC), Queensland Conservatorium, Queensland Museum and Science Centre, the State Library, the QAGOMA and the Brisbane Entertainment and Convention Centre (BECC).
- South Bank (directly opposite the site on the southern bank of the Brisbane River) – the parklands, retail and dining throughout the precinct (focused on Little Stanley Street and the waterfront) and the entertainment facilities within and surrounding the parklands;
- QUT (adjoining the site to the south-east) – QUT is located to the south-east of the site, and will be connected to the QWBIRD by the proposed boardwalk and upgraded Bicentennial Bikeway;
- Queen Street Mall – the retail heart of the CBD; and
- CBD – the core of the city, providing for principal business and administration functions, complemented by a wider range of uses including retail, entertainment, education and residential.

Project Highlight
The renewal of Queen's Wharf Brisbane represents a once-in-a-generation opportunity to shape the future vibrancy and success of almost 20% of the city centre, to deliver integrated mixed-use development on a scale rarely seen in Australia, to unlock the river front of our 'river city', and, significantly, an opportunity to breathe life into what is arguably the greatest collection of heritage buildings and places in Australia.

Remarks:
The Group has 50% stake of the residential component and 25% stake of the integrated resort component, excluding the Ritz-Carlton Hotel, of the project

MAJOR PROJECTS

Guangzhou, China

Project Name: **Royal Riverside**

Development Address:
Yuhao 1 Jie, Li Wan District, Guangzhou

District: Guangzhou Li Wan District

Property Website: www.royalriverside.com

Approximate Saleable Floor Area (Sq. ft.): 683,000

Number of Residential Units: 607

Launch Time: FY 2017/2018

Expected Completion: FY 2018/2019

Building Floors (Include Retail Area):
Five Residential Buildings
Tower 1 (御豪軒): 20 Floors, Tower 2 (御龍軒): 15 Floors,
Tower 3 (御景軒): 15 Floors, Tower 4 (御翠軒): 31 Floors,
Tower 5 (御雅軒): 32 Floors

Geographical Environment:
Centrally located in the heart of the city, Royal Riverside is just a 15-minute walk away from the metro Station and offers convenient access to Huadiwan Station or Fangcun Metro Station. It is only a 15- minute drive to the new international airport.

Planning and Design:
Situated at the riverside with a large community of nature and an endless inspiration for design concept. In addition to the practicability of architecture, Royal Riverside is designed in modern art deco style. The designer is focused on the details of the decoration with European artistic taste and well-proportioned sculpture and water features, rendering an artistic atmosphere nearby.

Project Highlight:
- Royal Riverside is fully equipped with a private club house, outdoor swimming pool, leisure foot massage pool, underwater loungers etc. The club house features a world-class resort that offers cinemas, bars and elderly center.
- There is 100,000 square meters of space comprising standardized public kindergartens, open boutique community, commercial streets, private clubs, barbecue area and markets, and effecting a "LOHAS" community-based living.

Awards:
- Leju 2015 Premium Property
- SouFun – 2015 Guangzhou High Quality Property
- 2015 China Properties and Houses Champion Chart – The Best Quality Property with an Attitude

MAJOR PROJECTS

Shanghai, China

Project Name: Royal Crest II

Development Address: Lane 699, Jin Qiu Road (California Garden District 17B)

District: Baoshan District, Shanghai

Approximate Saleable Floor Area (Sq. ft.): 259,000

Number of Residential Units: 180 apartments and 42 townhouses

Launch Time: FY 2017

Expected Completion: FY 2018

Building Floors (including retail area):
Six-storey residential buildings with elevators
Six townhouses (3 storeys aboveground and 1 storey underground)

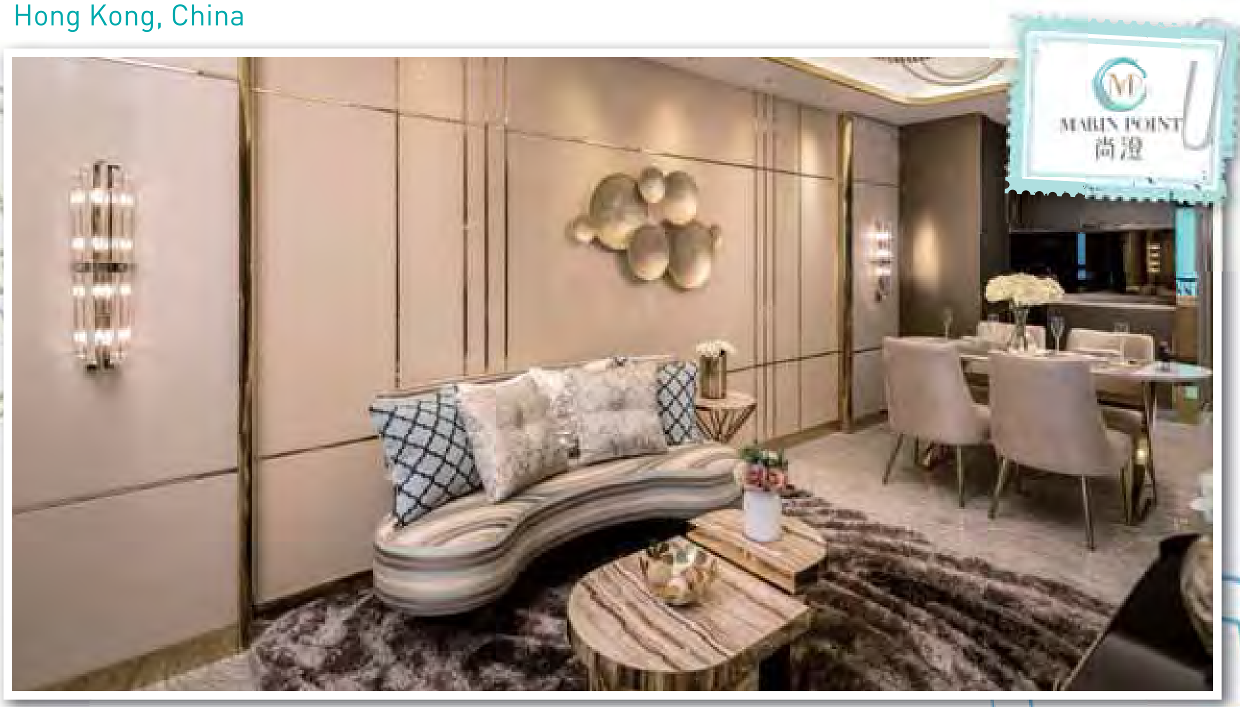
Geographical Environment:
Royal Crest II offers both accessible transportation and everyday livelihood, with Metro Line 7 Shanghai University Station located at the entrance of the community, and the planned Metro Line 15 intersecting the most prosperous CBDs in Shanghai including Jing'an, Xuhui, Pudong. In addition, the Central Elevated Expressway connects the People's Square, Shanghai Hongqiao Hub, Shanghai South Railway Station, and Pudong International Airport. It is only 10 to 45-minute drive away from the popular areas in Shanghai.

Project Highlight:

Shopping	:	California Garden Xintiandi, Dungfang Guomao, Carrefour, Xinhugang Seafood hotel, Hongji Leisure and Cultural Square
Auxiliary facilities	:	Dachang Hospital, Huashan Hospital, Lianhua, Hualian Supermarket, banking outlets
Sports and recreation	:	Dachang Sports Park (under construction), Gucun Park

MAJOR PROJECTS

Hong Kong, China



Project Name: Marin Point

Development Address:
31 Shun Lung Street, Sha Tau Kok

District: Sha Tau Kok

Property Website: www.marinpoint.com

Approximate Saleable Floor Area (Sq. ft.):
Residential: 103,000

Approximate Net Lettable Floor Area (Sq. ft.):
Commercial: 10,319

Number of Residential Units: 261

Launch Time: FY 2018

Expected Completion: FY 2019

Building Floors (including retail area): 6

Customer Position:
Residents with valid Frontier Closed Area Permit for Sha Tau Kok area issued by the Commissioner of Police

Project Status: Construction Site

Geographical Environment
Favorable Description on Location, Facilities, School, Transportation, Hospital and Restaurant:

- Located at seaside site of Sha Tau Kok Town Center with 270° panoramic sea view and hilly landscape along Pat Sin Leng and Plover Cove Country Park.
- Surrounded by green and natural environment adjacent to green areas, such as Pat Sin Leng, Plover Cove Country Park, Luk Keng and Lau Shui Heung, as well as Sha Tau Kok Farm which offer a peaceful and healthy lifestyle.
- Adjoining various historic landmarks, of which Ha Wo Hang Fat Tat Tong, the Residence of Ip Ting-sz in Lin Ma Hang Tsuen and Kang Yung Study Hall are named as Declared Monuments in Hong Kong.
- Buses and green minibuses routes to Fanling and Sheung Shui in the district provide easy access to districts in Hong Kong by interchange of MTR or highways and roads. Cross-border buses provide routes to Mainland China, as well as Sha Tau Kok Boundary Control Point, and Liantang/Heung Yuen Wai Boundary Control Point, which is expected to be completed in 2018 facilitate the cross-boundary advantage.
- Ancilliary communal facilities in Sha Tau Kok are well placed with mature development, such as restaurants, banks, markets and ancillary stores.

Project Highlight:
Marin Point is well designed with space concepts of low density and resort hotels that apply the unique concept of "embracing the landscape into the room", in order to create more space for leisure scenery in balconies with panoramic view of the swimming pool in the clubhouse to the seacoast in Sha Tau Kok.

The only star-rated private clubhouse with facilities:
– Outdoor swimming pool
– Marin Point Banquet Hall
– Gym rooms
– Activity rooms
– Children's playground
– Study and leisure rooms
– Recreational rooms
– Game rooms

Singapore

Project Name: ARTRA

Development Address: 10 Alexandra View

District: Central Business District

Property Website: www.artra.sg

Approximate Saleable Floor Area (Sq. ft.): 408,537

Approximate Net Lettable Floor Area (Sq. ft.):
Commercial – 20,312

Number of Residential Units: 400

Launch Time: FY 2018

Expected Completion: FY 2021

Building Floors (including retail area):
44 storeys with 2 levels of basement carpark

Geographical Environment:
- Close to Alexandra Park Connector and Singapore Botanic Gardens
- Right next to Redhill MRT Station, supermarket & commercial units at 1st storey, and childcare centre at 2nd storey
- Shopping: China Town, Raffles Place, Marina Bay, Orchard Area
- School: Gan Eng Seng Primary School, Queensway Primary School, Alexandra Primary School, Henderson Secondary School, Bukit Merah Secondary School, Crescent Girls' School
- Other auxiliary facilities: Singapore General Hospital

Project Highlight:
- Friendly amenities include shops, gourmet supermarket and childcare
- Excellent recreational facilities such as 50m lap pool, leisure pool, leisure tennis court, sky fitness, sky jacuzzi, sky terraces and roof terrace
- All units are north-south facing within an elegant 44-storey tower
- Every master bedroom is fully-fitted with a walk-in wardrobe Well-appointed, thoughtful and spacious two-bedroom+study, three-bedroom and three-bedroom+study layouts
- Large premium three-bedroom+study and 5-bedroom+family layouts with private lift lobby

Awards:
Green Mark Gold

Remarks:
The Group has a 70% stake in the project

MAJOR PROJECTS

London, the United Kingdom

Project Name: Alpha Square

Development Address:
50 Marsh Wall 63-69, 68-70 & 74 Manilla Street, London

District: Canary Wharf, London

Approximate Saleable Floor Area (Sq. ft.)*: 377,000

Approximate Net Lettable Floor Area (Sq. ft.): 74,000

Number of Residential Units: 634

Expected Launch Time: FY 2018/2019

Expected Completion: Planning

Building Floors (including retail area):
Two high rise towers (65 storeys and 35 storeys)

* Approximate saleable residential floor areas may vary subject to finalization of development plans.

Geographical Environment

- Located adjacent to Canary Wharf London, Alpha Square is a mixed use development comprising residential apartments, hotel accommodation, and education and health care facilities. Meeting the current shortage in primary education in the area, the new onsite primary school will accommodate up to 400 students.
- The availability of local transport means such as underground, buses and cross rail (starting 2018) make Alpha Square easily accessible from various London prime locations.

Project Highlight:
Alpha Square will comprise of 634 apartments across two slender high rise towers (65-storey and 35-storey) with views across London city featuring state of the art facilities including swimming pool, gymnasium, spa, rooftop gardens, 24 hour concierge and security.

London, the United Kingdom

Project Name: Hornsey Townhall

Development Address:
Hornsey Town Hall, the Broad Way, London

District: Crouch End, London

Approximate Sellable Floor Area (Sq. ft.)*: 102,000

Approximate Net Lettable Floor Area (Sq. ft.): 76,000

Number of Residential Units: 132

Expected Launch Time: FY 2018/2019

Expected Completion: Planning

Building Floors (include retail area): 5

Geographical Environment
The Hornsey Town Hall is the center of the local community with a landscape garden to the front of the town hall with adjacent shops and restaurants on a busy high street with good local communication routes via bus.

Project Highlight:
The transformation of the existing Town Hall, which has become dilapidated in recent years, becomes necessary. This will establish the Town Hall as the focal point in the community.

Planning and Design:
We are currently working up the scheme's design to deliver new residential space and serviced apartments within the existing Town Hall. Additional works will include the refurbishment of the internal areas and the creation of co-workers facilities.

* Approximate saleable residential floor areas may vary subject to finalization of development plans.

MAJOR PROJECTS

Manchester, the United Kingdom

Project Name: Angel Meadow at NOMA

Development Address:
Angel Meadows, Aspin Lane, Manchester

District: Central Business District, Manchester

Approximate Sellable Floor Area (Sq. ft.)*: 551,000

Number of Residential Units: 754

Expected Launch Time: FY 2018

Expected Completion: FY 2020/2021

Building Floors (include retail area):
Plot 2 – 22
Plot 3 – 16
Plot 4 – 41
Plot 5 – 12/14

Project Status:
Planning application being processed

Geographical Environment:
The development sits around one of the only green spaces within the city centre and is within walking distance of the Central Business District and major transport hubs.

* Approximate saleable residential floor areas may vary subject to finalization of development plans.

Manchester, the United Kingdom

Project Name: **Northern Gateway**

District: Lower Irk Valley,
Collyhurst and New Cross, Manchester

Site Area (Sq. ft.): 15,000,000

Number of Residential Units: more than 10,000

Project Status:
Under Planning

Geographical Environment

- The vision is to create a series of distinct yet clearly connected communities making the most of the area's natural resources including the River Irk and its location close to the city centre.
- Unlock the residential potential of more than 350 acres of land that sweeps north from Victoria Station taking in the neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst.

Project Highlight:
The project will deliver more than 10,000 new homes over the next decade with an emphasis on design quality and sustainability, open space and green walking and cycling routes.

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its Subsidiaries are engaged in property development and investment, hotel operations and management, car park operations and facilities management, and treasury management. These divisions are the basis on which the Group reports its primary segment information.

PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal Subsidiaries, associates and joint ventures at 31 March 2017 are set out in notes 47, 19 and 20 to the consolidated financial statements, respectively.

BUSINESS REVIEW

The Group's revenue is derived primarily from business activities conducted in Hong Kong, PRC, Australia, Malaysia, Singapore and UK. An analysis of the Group's performance for the Year by operating segment is set out in note 6 to the consolidated financial statements.

A fair review of the Group's business, including the important events affecting the Group that have occurred since the end of the financial year and the likely future developments and an analysis of the Group's performance using financial key performance indicators, is set out in the "Management Discussion and Analysis", "Chairman and Chief Executive Officer's Statement" and "Managing Director's Report" of this Annual Report. Principal risks and uncertainties facing the Group are set out in the "Chairman and Chief Executive Officer's Statement" and "Managing Director's Report". Details about the Group's financial risk management are set out in note 5 to the consolidated financial statements.

The Group is committed to support sustainability of the environment and endeavours to comply with laws and regulations regarding environmental protection and to adopt measurement to achieve efficient use of resources, energy saving and waste reduction. A discussion of the Group's environmental policies and performance is set out in the "Environmental, Social and Governance Report".

The Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group.

The Group is committed to establishing a close and caring relationship with our employees, customers and suppliers and enhancing cooperation with our business partners. Details are set out in the "Environmental, Social and Governance Report".

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 122.

The Board has recommended the payment of a final dividend for the year ended 31 March 2017 of HK15 cents (2016: HK13 cents) per ordinary share (the "Proposed Final Dividend"). The Proposed Final Dividend will be paid to the Shareholders whose names appear on the Company's Register of Members on 30 August 2017. The Proposed Final Dividend will be paid in the form of a scrip dividend with Shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) Shareholders' approval of the Proposed Final Dividend at the 2017 AGM; and (ii) the Stock Exchange granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the 5 trading days prior to and including 30 August 2017. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to the Shareholders together with a form of election on or around 6 September 2017. Dividend warrants and/or new share certificates will be posted on or around 9 October 2017.

CLOSURE OF REGISTER OF MEMBERS

Details of the periods of closure of the Company's Register of Members are as follows:

(a) For determining the entitlement to attend and vote at the 2017 AGM

The 2017 AGM is scheduled to be held on Monday, 21 August 2017. For determining the entitlement to attend and vote at the 2017 AGM, the Register of Members of the Company will be closed from Wednesday, 16 August 2017 to Monday, 21 August 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2017 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 15 August 2017.

(b) For determining the entitlement to the Proposed Final Dividend

The Proposed Final Dividend is subject to the approval of Shareholders at the 2017 AGM. For determining the entitlement of the Proposed Final Dividend, the Register of Members of the Company will also be closed from Monday, 28 August 2017 to Wednesday, 30 August 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 25 August 2017.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 25.

DISTRIBUTABLE RESERVES

In the opinion of the Directors, the reserves of the Company which are available for distribution to Shareholders at 31 March 2017, amounted to approximately HK$3,333,000 (2016: HK$286,181,000), representing the retained profits.

INVESTMENT PROPERTIES

The Group revalued all of its investment properties at 31 March 2017. The increase in fair value of investment properties, which has been credited directly to consolidated statement of profit or loss, amounted to HK$248,742,000.

Details of these and other movements during the Year in the investment properties of the Group are set out in note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group spent approximately HK$455,278,000 on development and refurbishment of hotel properties.

Details of these and other movements during the Year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 31 March 2017 are set out on pages 214 to 237.

SHARE CAPITAL

Details of movements during the Year in the share capital of the Company are set out in note 35 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its Subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, every director of the Company and its Subsidiaries shall be entitled to be indemnified by the relevant company against all costs, fees, losses, expenses and liabilities incurred by him or her in the course of his or her duties or in relation thereto pursuant to their respective articles of associations. Such provisions were in force during the course of the Year and remained in force as at the date of this report.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors

Tan Sri Dato' David CHIU (Chairman and Chief Executive Officer)
Mr. Cheong Thard HOONG
Mr. Dennis CHIU
Mr. Craig Grenfell WILLIAMS

Non-executive Director

Mr. Chi Hing CHAN

Independent Non-executive Directors

Mr. Kwok Wai CHAN
Mr. Peter Man Kong WONG
Mr. Kwong Siu LAM

Pursuant to the provisions of the Articles and the Listing Rules, Mr. Cheong Thard HOONG, Mr. Craig Grenfell WILLIAMS and Mr. Kwong Siu LAM shall retire at the 2017 AGM and are eligible to offer themselves for re-election in the 2017 AGM.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2017 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions", no transaction, arrangement or contract of significance to which the Company or any of its Subsidiaries was a party and in which a Director nor a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year and up to the date of this report, none of the Directors (not being the Independent Non-executive Directors) are considered to have interests in the businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

CONTINUING CONNECTED TRANSACTIONS

Hotel Management Contract

On 26 November 2013, Subang Jaya Hotel Development Sdn Bhd ("Subang Jaya"), an indirect wholly-owned subsidiary of Dorsett has entered into hotel management contracts with (i) Mayland Century Sdn Bhd ("Mayland Century"), (ii) Mayland Avenue Sdn Bhd ("Mayland Avenue") and (iii) Mayland Universal Sdn Bhd ("Mayland Universal") ("Transactions"), to manage the hotels owned by the respective parties in Malaysia.

The contracts have an initial term of three years commencing from the date of the hotel opening and ending on its third anniversary. Subang Jaya has the right to renew the hotel management contract for another consecutive three years provided that the entire term of the hotel management contract as renewed shall not be more than 15 years. The Company will comply with the relevant requirements under the Listing Rules if the hotel management contract is renewed.

The annual fees receivable by Subang Jaya pursuant to the terms and conditions of the above hotel management contracts comprise:

- Base management fees – 1.5% on the annual adjusted gross revenues of the hotels
- Incentive fees – 6% on the annual gross operating profit of the hotels

The Company is the Controlling Shareholder of Dorsett. Each of (i) Mayland Century, (ii) Mayland Avenue and (iii) Mayland Universal is an Associate of Tan Sri Dato' David CHIU, who is an executive Director, Chairman and Controlling Shareholder of the Company. Hence, each of these entities is deemed to be a Connected Person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the aggregate estimated Annual Cap of fees receivable by the Group from the Transactions exceeded the de minimis transactions of the then Listing Rules, the Transactions are subject to reporting, announcement and annual review requirements but exempt from independent shareholders' approval under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 26 November 2013.

The Independent Non-executive Directors have reviewed the continuing connected transactions and confirmed that the Transactions have been entered into:

(i) in the ordinary and usual course of business of the Company and its Subsidiaries;

(ii) on normal commercial terms or better; and

(iii) according to the agreements governing them on the terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter will be provided by the Company to the Stock Exchange.

Save as disclosed above, related party transactions that did not constitute connected transactions or continuing connected transactions of the Company made during the Year are disclosed in note 42 to the consolidated financial statements. The Directors confirm that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS

As at 31 March 2017, the interests of the Directors in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of SFO; or as otherwise notified to the Company and the Model Code were as follows:

A. The Company

A.1 Long position in the ordinary shares

Name of Director	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
David CHIU	Beneficial owner	16,862,130	0.75%
	Interest of spouse	585,322[i]	0.03%
	Interest of controlled corporations	1,035,013,215[i]	46.24%
Cheong Thard HOONG	Beneficial owner	7,740,761	0.35%
	Joint interest	447,997[ii]	0.02%
Chi Hing CHAN	Beneficial owner	843	0.00%
Dennis CHIU	Beneficial owner	3,654	0.00%
	Interest of controlled corporations	5,754,093[iii]	0.26%

Notes:

(i) 1,034,997,952 shares were held by Sumptuous Assets Limited and 15,263 shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU and 585,322 shares were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.

(ii) 447,997 shares were held by Mr. Cheong Thard HOONG jointly with his wife.

(iii) 1,860,519 shares were held by Chiu Capital N V Limited, a company controlled by Mr. Dennis CHIU, and 3,893,574 shares were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and his brother Mr. Daniel Tat Jung CHIU.

* The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 31 March 2017.

A.2 Long position in the underlying shares – physically settled unlisted equity derivatives

Name of Director	Capacity	Number of underlying shares in respect of the share options granted	Approximate % of the Company's issued share capital*
Cheong Thard HOONG	Beneficial owner	4,500,000	0.20%
Chi Hing CHAN	Beneficial owner	1,400,000	0.06%

Details of the above share options as required to be disclosed by the Listing Rules are disclosed in the below section headed "Share Option Schemes".

* The percentage represents the number of underlying shares interested divided by the Company's issued shares as at 31 March 2017.

A.3 Debentures

As at 31 March 2017, Tan Sri Dato' David CHIU was deemed to have an interest in the 3.75% USD Medium Term Notes 2021 issued by the Company in the principal amount of USD12,000,000 of which USD10,000,000 was held by Tan Sri Dato' David CHIU and USD2,000,000 was held by his spouse, Ms. Nancy NG.

B. Associated corporations

B.1 Long position in the ordinary shares

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares interested	Approximate % of the relevant issued share capital*
Craig Grenfell WILLIAMS	Care Park	Beneficiary of a discretionary trust	825[i]	8.25%

Note:

(i) These shares in Care Park were held by Chartbridge Pty Ltd in its capacity as the trustee of the Craig Williams Family Trust, and Mr. Craig Grenfell WILLIAMS, as a beneficiary of the Craig Williams Family Trust, was deemed to be interested in these shares.

* The percentage represents the number of ordinary shares interested divided by the Care Park's issued shares as at 31 March 2017.

B.2 Debentures of Dorsett

As at 31 March 2017, Tan Sri Dato' David CHIU was deemed to have an interest in the 6.0% CNY Bonds 2018 issued by the Dorsett in the principal amount of CNY90,030,000 of which CNY83,030,000 was held by Singford Holdings Limited, a wholly owned Subsidiary in which Tan Sri Dato' David CHIU owned approximately 47.02% interest in the issued share capital of the Company and CNY7,000,000 was held by his spouse, Ms. Nancy NG.

Save as disclosed above, none of the Directors had registered an interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2017.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into by the Company are disclosed under the section headed "Share Option Schemes" below and in note 42 to the consolidated financial statements.

SHARE OPTION SCHEMES

(A) FECIL Share Option Schemes

FECIL Share Option Schemes were adopted for the purpose of providing incentives and rewards to employees or executives or officers of the Company or any of its Subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its Subsidiaries. Under FECIL Share Option Schemes, the Directors may grant options to eligible employees including directors of the Company and its Subsidiaries, to subscribe for shares of the Company.

The Company's old share option scheme adopted on 28 August 2002 was expired on 28 August 2012. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted a new share option scheme pursuant to a resolution passed by the Shareholders on 31 August 2012 for a period of 10 years commencing on the adoption date.

The following table discloses movements in the Company's share options during the Year:

			Number of share options					
Category of grantee	Date of grant	Exercise price per share HK$	Outstanding at 01.04.2016	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding at 31.03.2017	Exercise period*
Directors								
Cheong Thard HOONG	27.03.2013	2.550	750,000	–	(500,000)	–	250,000	01.03.2014–28.02.2020
			1,000,000	–	–	–	1,000,000	01.03.2015–28.02.2020
			1,250,000	–	–	–	1,250,000	01.03.2016–28.02.2020
			2,000,000	–	–	–	2,000,000	01.03.2017–28.02.2020
			5,000,000	–	(500,000)	–	4,500,000	
Chi Hing CHAN	27.03.2013	2.550	525,000	–	(525,000)	–	–	01.03.2014–28.02.2020
			700,000	–	(700,000)	–	–	01.03.2015–28.02.2020
			875,000	–	(875,000)	–	–	01.03.2016–28.02.2020
			1,400,000	–	–	–	1,400,000	01.03.2017–28.02.2020
			3,500,000	–	(2,100,000)	–	1,400,000	
Other employees in aggregate	25.08.2006	3.290	450,000	–	–	(450,000)	–	01.01.2009–24.08.2016
			500,000	–	–	(500,000)	–	01.01.2010–24.08.2016
	27.03.2013	2.550	675,000	–	–	–	675,000	01.03.2014–28.02.2020
			1,500,000	–	–	–	1,500,000	01.03.2015–28.02.2020
			1,875,000	–	–	–	1,875,000	01.03.2016–28.02.2020
			3,000,000	–	–	–	3,000,000	01.03.2017–28.02.2020
			8,000,000	–	–	(950,000)	7,050,000	
Total			16,500,000	–	(2,600,000)	(950,000)	12,950,000	

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

As at the date of this annual report, the total number of Shares available for issue under FECIL Share Option Schemes is 156,975,707, representing approximately 7.01% of the issued share capital of the Company as at the date of this annual report. Further information on FECIL Share Option Schemes and the options granted by the Company is set out in note 42 to the consolidated financial statements.

(B) Dorsett Share Option Scheme

Dorsett Share Option Scheme was adopted for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group. Eligible participants of Dorsett Share Option Scheme include directors of Dorsett (including executive directors, non-executive directors and independent non-executive directors) and employees of Dorsett and the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group whom the board of Dorsett considers, in its sole discretion, have contributed or will contribute to the Group.

The share options under Dorsett Share Option Scheme, save for those lapsed on 10 October 2015 in accordance with the Dorsett Share Option Scheme, were cancelled upon acceptance of the offer under Rule 13 of The Code on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission made by or on behalf of Willow Bliss Limited, a wholly-owned subsidiary of the Company, to the holders of Dorsett Share Option Scheme at a nominal value of HK$0.01 for each share option under Dorsett Share Option Scheme.

As at 31 March 2017, there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company or any of its Subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2017, according to the register of interests in shares or short positions as recorded in the register, required to be kept under Section 336 of the SFO (other than the interests of Directors as set out above) and as far as the Directors are aware, the following persons had interests of 5% or more or short positions in the shares of the Company:

Name of substantial Shareholder	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital*
Sumptuous Assets Limited	Beneficial owner	1,034,997,952[i] (long position)	46.24%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.58%
	Interest of controlled corporations	140,942,693[ii] (long position)	6.30%
	Interest of spouse	1,624,301[ii] (long position)	0.07%
Value Partners Group Limited	Interest of controlled corporations	107,639,987[iii] (long position)	4.81%
Value Partners High-Dividend Stocks Fund	Beneficial owner	106,588,448 (long position)	4.76%

Notes:

(i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' Interests". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.

(ii) 140,942,693 shares were held by various companies under Mr. Deacon Te Ken CHIU's estate and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU. Mr. Deacon Te Ken CHIU passed away on 17 March 2015 and his interests in the ordinary shares of the Company forms part of his estate.

(iii) These shares were held by various companies controlled by Value Partners Group Limited.

* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2017.

Save as disclosed above, as at 31 March 2017, the Company has not been notified of any persons (other than directors or chief executives of the Company) who had an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DONATIONS

During the Year, the Group made charitable and other donations amounting to approximately HK$10,000,000.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of total purchases and the aggregate revenue attributable to the Group's five largest customers was less than 30% of total turnover during the Year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. As at 31 March 2017, the number of employees of the Group was approximately 3,600.

The emoluments of the Directors are recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted FECIL Share Option Schemes as an incentive to Directors and eligible participants, details of the schemes are set out in note 42 to the consolidated financial statements.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 106 to 116.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company and the Companies Law, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The Company and certain of its Subsidiaries, as guarantors, and City Sight Limited ("City Sight"), its Subsidiary, as borrower, entered into a facility agreement (the "Facility Agreement") with a group of banks, as lenders, on 22 February 2016 and an unsecured term loan facility in the aggregate amount of HK$1,350 million was granted to City Sight. The final maturity date is 36 months from the date of the Facility Agreement.

Pursuant to the Facility Agreement, the following specific performance covenants were imposed on the Controlling Shareholder:

(a) Sumptuous Assets Limited shall own, directly or indirectly, at least 40% of the beneficial interest in the Company, carrying at least 40% of the voting right; and

(b) Chiu Family (as defined in the Facility Agreement) shall own, directly or indirectly, more than 51% of the beneficial interest in Sumptuous Assets Limited, carrying more than 51% of the voting right, free from any security.

During the Year, the above specific performance covenants under the Facility Agreement have been complied with. For details, please refer to the announcement of the Company dated 22 February 2016.

AUDITOR

A resolution will be submitted to the 2017 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
David CHIU
Chairman and Chief Executive Officer

13 June 2017

CORPORATE GOVERNANCE REPORT

The Board presents this Corporate Governance Report in the Company's annual report for the year ended 31 March 2017.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company recognizes the importance of maintaining good corporate governance practices. The Board sets policies and implements corporate governance practices appropriate to the conduct of the Group's business.

The Company has applied the principles as set out in the CG Code. In the opinion of the Board, the Company has complied with the code provisions (the "Code Provisions") set out in the CG Code during the year ended 31 March 2017, except for the deviations from Code Provisions A.2.1 and E.1.2. Key corporate governance principles and practices of the Company as well as details of the foregoing deviations of Code Provisions are summarized below.

A. THE BOARD

A.1 Responsibilities and Delegation

The Board is responsible for the management and control of the business and affairs of the Group, and oversees the Group's business strategic direction and performance, with the objectives of promoting the success of the Group and enhancing Shareholder value. Directors carry out their duties in good faith and in the interests of the Company and its Shareholders. They have access to relevant information as well as the advice and services of the Company Secretary and senior management. They are also able to seek independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major policy, strategy, financial and risk management and control matters. The day-to-day management, administration and operations of the Group are delegated to the Executive Committee and senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board or Executive Committee prior to any significant transactions entered into by the senior management team.

A.2 Board Composition

The Board currently comprises eight Directors, four are Executive Directors, one Non-executive Director, and three are Independent Non-executive Directors. The composition of the Board is set out in the "Corporate Information" section of this annual report. The respective profiles of the current Directors and the relationship among them are disclosed in the "Profile of Directors and Senior Management" section of this annual report.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The Independent Non-executive Directors are expressly identified in all corporate communications of the Company.

Throughout the year ended 31 March 2017, the Company has met the Listing Rules requirements of having three Independent Non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise. In addition, the Company has received from each of the three Independent Non-executive Directors an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of them are independent.

The composition of the Board reflects the necessary balance of skills and experience appropriate to the requirements of the business of the Group and to the exercising of independent judgement. All Directors bring a wide range of valuable business and financial expertise, experiences and professionalism to the Board for its effective functioning. Independent Non-executive Directors are invited to serve on the Audit, Remuneration and Nomination Committees of the Company.

A.3 Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Currently, Tan Sri Dato' David CHIU assumes the roles of both the Chairman and Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies. As such, it is beneficial to the business prospects of the Group.

The Board also considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

A.4 Appointment, Re-Election and Removal of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles.

Each Director, including the Independent Non-executive Directors, is engaged for a term of 3 years, except Mr. Chi Hing CHAN (Non-executive Director) is engaged for a term of 2 years, subject to renewal upon expiry of the term. They are also subject to re-election in accordance with the Articles.

In accordance with clauses 106 and 107 of the Articles, Mr. Craig Grenfell WILLIAMS (Executive Director) and Mr. Kwong Siu LAM (Independent Non-executive Director) shall retire by rotation at the 2017 AGM. Both of the above retiring Directors, being eligible, will offer themselves for re-election at the 2017 AGM.

In accordance with the second part of clause 115(B) of the Articles, a Director appointed as an Executive Chairman or as Managing Director or Joint Managing Director shall not while holding such office be subject to retirement by rotation or taken into account in determining the rotation retirement of Directors. In order to uphold good corporate governance practices, Mr. Cheong Thard HOONG, the Managing Director of the Company, voluntarily retires from his office and offers himself for re-election at the 2017 AGM notwithstanding that he is not required to do so by clause 115(B) of the Articles.

The Board recommended the re-appointment of the above three retiring Directors standing for re-election at the 2017 AGM. The Company's circular, sent together with this annual report, contains detailed information of the above three retiring Directors, as required by the Listing Rules.

A.5 Training and Continuing Development for Directors

Each newly appointed Director receives comprehensive introduction on the first occasion of his appointment so as to ensure that he has appropriate understanding of the business and operations of the Group and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors are arranged whenever necessary. In addition, reading material on new or changes to salient laws and regulations applicable to the Group are provided to Directors from time to time for their study and reference.

During the year ended 31 March 2017, the Company has provided (i) reading materials on regulatory updates to all its Directors, namely, Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS, Mr. Chi Hing CHAN, Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM; and (ii) regular briefing to its Directors on corporate governance and updates on the Listing Rules. Besides, Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM attended other seminars and training sessions arranged by other professional firms/ institutions.

A.6 Board Meetings

A.6.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given for each regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all Directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting. Board papers together with appropriate information are usually sent to the Directors at least 3 days before each Board meeting to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chief Financial Officer and Company Secretary and other relevant senior management normally attend regular Board meetings and, where necessary, other Board meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to the current Board practice, any material transaction, which involves a conflict of interest for a substantial Shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

A.6.2 Directors' Attendance Records

The attendance records of each Director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 March 2017 are set out below:

	Attendance/Number of Meetings				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Tan Sri Dato' David CHIU	4/4	N/A	1/1	1/1	0/1
Mr. Cheong Thard HOONG	4/4	N/A	N/A	N/A	1/1
Mr. Dennis CHIU	4/4	N/A	N/A	N/A	0/1
Mr. Craig Grenfell WILLIAMS	2/4	N/A	N/A	N/A	0/1
Mr. Chi Hing CHAN	2/4	N/A	N/A	N/A	1/1
Mr. Kwok Wai CHAN	4/4	2/2	1/1	1/1	1/1
Mr. Peter Man Kong WONG	4/4	2/2	1/1	1/1	0/1
Mr. Kwong Siu LAM	4/4	2/2	N/A	1/1	1/1

In addition, the Chairman of the Board also held meeting with the Independent Non-executive Directors without the presence of Executive Directors during the Year.

A.7 Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions in the Company. Following specific enquiry made by the Company, all the Directors have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2017.

The Company has also applied the principles of the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company and/or its securities. No incident of non-compliance of the principles of the Model Code by the Group's employees has been noted by the Company.

The Company has been notifying Directors and relevant employees, if any, of the prohibitions on dealings in the securities of the Company according to the Model Code, whenever black-out periods arise. In addition, the Company requires Directors and relevant employees to copy their notifications of intended dealings to the Company Secretary as well as one designated Director for receiving such notifications.

A.8 Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the Code Provision D.3.1 of the CG Code. During the Year under review, the Board has performed such corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices in response to the implementation of the CG Code, (ii) reviewed and monitored the training and continuous professional development of Directors and senior management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the compliance of the Model Code, and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

B. BOARD COMMITTEES

As at 31 March 2017, the Board has established 4 Board committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website (except for the written terms of reference of the Executive Committee). All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of the Board Committees follow in line with, so far as applicable, those of the Board meetings set out above.

All Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

B.1 Executive Committee

The Executive Committee comprises a total of 5 members, namely, Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS and Mr. Boswell Wai Hung CHEUNG. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Company and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B.2 Audit Committee

The Audit Committee comprises a total of 3 members, being the 3 Independent Non-executive Directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM. The chairman of the Audit Committee is Mr. Kwok Wai CHAN who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The primary duties of the Audit Committee include monitoring the Group's financial reporting system, reviewing financial statements, risk management and internal control procedures. It also acts as an important link between the Board and the Company's auditor in matters within the terms of reference of the Audit Committee.

During the year ended 31 March 2017, the Audit Committee has performed the following major works:

- Review and discussion of the annual financial statements and annual results for the year ended 31 March 2016, the related accounting principles and practices adopted by the Company and the relevant audit findings;

- Review and discussion of the interim financial statements and interim results for the six months ended 30 September 2016 and the related accounting principles and practices adopted by the Company;

- Review and discussion of financial reporting and risk management and internal control of the Group;

- Discussion and recommendation of the re-appointment of external auditor; and

- Review of the arrangements for employees to raise concerns about possible improprieties.

The external auditor was invited to attend the meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. Besides, there is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

The attendance records of each Committee member at the Audit Committee meetings held during the year ended 31 March 2017 are set out in section A.6.2 above.

B.3 Remuneration Committee

The Remuneration Committee comprises a total of 3 members, being 1 Executive Director, namely Tan Sri Dato' David CHIU, and 2 Independent Non-executive Directors, namely Mr. Kwok Wai CHAN and Mr. Peter Man Kong WONG. The chairman of the Remuneration Committee is Mr. Kwok Wai CHAN. Accordingly, the majority of the members are Independent Non-executive Directors.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of the Directors and the senior management (i.e. the model described in the Code Provision B.1.2(c)(ii) is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the performance of the individual and the Group as well as market practice and conditions.

During the year ended 31 March 2017, the Remuneration Committee has reviewed the remuneration packages of the Executive Directors and senior management and made recommendation to the Board.

The attendance records of each Committee member at the Remuneration Committee meeting held during the year ended 31 March 2017 are set out in section A.6.2 above.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the senior management for the year ended 31 March 2017 falls within the band from HK$1,000,000 to HK$2,000,000.

Details of the remuneration of each of the Directors for the year ended 31 March 2017 are set out in note 14 to the consolidated financial statements.

B.4 Nomination Committee

The Nomination Committee comprises a total of 4 members, being 1 Executive Director, namely Tan Sri Dato' David CHIU, and 3 Independent Non-executive Directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM. The chairman of the Nomination Committee is Tan Sri Dato' David CHIU. Accordingly, the majority of the members are Independent Non-executive Directors.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and to make relevant recommendations to the Board; to consider the retirement and re-election of the Directors and to make relevant recommendations to the Board; and to assess the independence of the Independent Non-executive Directors.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the diversity on the Board, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

The Company also recognizes and embraces the benefit of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board diversity. To comply with the provision of A.5.6 of the CG Code, a Board diversity policy was adopted by the Company in 2013, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board diversity policy and assessing the Board composition under diversified perspective (including but not limited to gender, age, cultural and educational background, or professional experience). The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

During the year ended 31 March 2017, the Nomination Committee has performed the following major works:

- Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company;

- Recommendation of the re-appointment of those Directors standing for re-election at the 2016 annual general meeting of the Company; and

- Assessment of the independence of all the Independent Non-executive Directors.

The attendance records of each Committee member at the Nomination Committee meeting held during the year ended 31 March 2017 are set out in section A.6.2 above.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2017.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. RISK MANAGEMENT AND INTERNAL CONTROL

The Board, through its Audit Committee, has the responsibility to ensure that the Group maintains an effective risk management and internal control systems. The Board oversees the Group's design, implementation and monitoring of the risk management and internal control systems and acknowledges that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

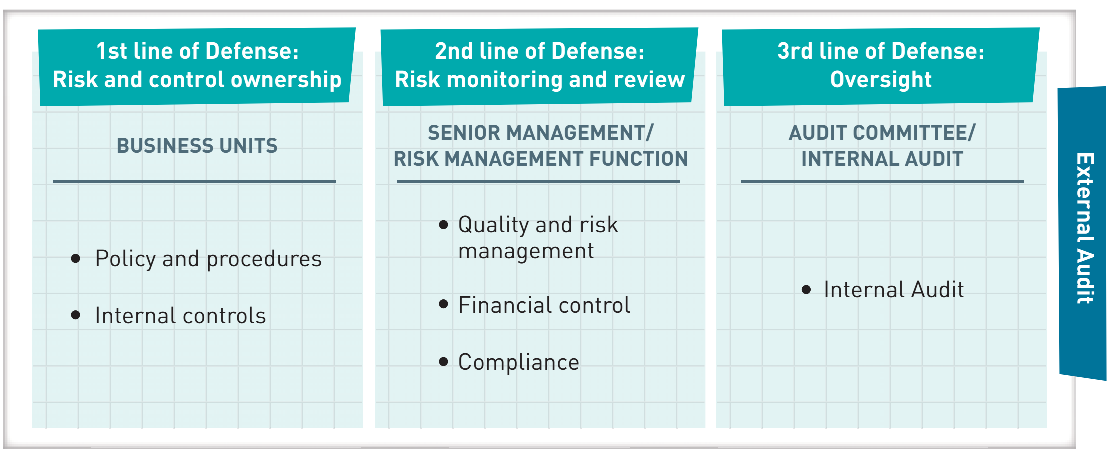
The Group's risk management framework is the responsibility of the Board and is overseen by the Audit Committee. The framework comprises the following elements:

Risk management philosophy and risk appetite

Everyone within the Group is responsible for the risk management of the Group. Risk management is embedded into the business operations and decision-makings. In pursuing the Group's objectives, the Group has defined the nature and extent of risks that the Group is willing to undertake.

Risk governance structure

The Group has established an enterprise risk management structure in line with the "Three Lines of Defense" model that defines the three layers of roles and responsibilities of oversight, risk monitoring and review, and risk and control ownership.



The Group's business and functional units are the first line of defense and are responsible for the day-to-day risk management and control processes. The second line of defense is led by a designated risk management taskforce responsible for the design, implementation and monitoring of the risk management system, and provide confirmation to the Audit Committee on the effectiveness of risk management. The third line of defense comprises the Audit Committee and the Group' outsourced internal auditor who is responsible for the independent assessment of the effectiveness of our risk management and internal control systems. The external auditor of the Group further complements the third line of defense by independently auditing material internal controls over the Group's financial reporting processes. Both the internal auditor and the external auditor would report on material control weakness to the Audit Committee on a regular basis.

Risk management process

With the support of an external professional firm, the Group has established the risk management process that includes risk identification, risk assessment and prioritization, risk owner appointment, risk treatment and upward reporting and monitoring of identified risks to the Group and the Audit Committee. Management's input on risk exposures across the business lines was solicited through a structured risk identification questionnaire to form the Group's risk universe. Identified risks would be further assessed and evaluated by a scale rating process by management across the business lines to evaluate their impact to the Group and likelihood of their occurrence as a result of changes in internal and external factors, future events or otherwise. The risks would be prioritized based on the evaluation results and further interviews with senior management for confirmation. The top risks of the Group, as well as whether these risks are being effectively managed; and if not, the need for establishing further actions, would be reported through a risk management report. A corporate risk register has also been designed to track and document the identified risks, risk owners, mitigating actions and control measures, and facilitates continuous update of risk treatments.

Annual review on the effectiveness of the risk management and internal control systems would be conducted which include the follow up on the significant risks and related actions as documented in the corporate risk register for reporting to the Audit Committee.

The initial deployment of the risk management process is currently in progress and is targeted to be completed by July 2017. The Group will build on the initial efforts in setting up the risk management process and continue to enhance and standardize its approach to manage risks.

Handling and dissemination of inside information

The Company has developed its disclosure policy to provide the general guideline on handling confidential information, monitoring of information disclosure and response to queries to its directors, officers, senior management and the relevant employees. The Company has executed supervision programs to confirm the strict prohibition from unauthorized access to and use of inside information.

Internal audit function

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of Shareholders and the Group's assets. With the help of an outsourced internal auditor, the senior management reviews and evaluates the control process, monitors any risk factors on a regular basis and reports to the Audit Committee on any findings and measures to address the variances and identified risks. The Group has initiated a review of the effectiveness of the internal control system during the Year and the review is currently in progress.

E. COMPANY SECRETARY

During the year ended 31 March 2017, Mr. Tak Shing CHOI, the Company Secretary, has taken no less than 15 hours of relevant professional training.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company, Deloitte Touche Tohmatsu, about its reporting responsibilities for the Company's financial statements for the year ended 31 March 2017 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to Deloitte Touche Tohmatsu in respect of audit services and non-audit services for the year ended 31 March 2017 are analyzed below:

Type of services provided by the external auditor	Fees paid/payable HK$
Audit services – audit fee for the year ended 31 March 2017	12,754,000
Non-audit services	
– professional fee in connection with the review of interim account, the issue of notes and tax advisory services	2,444,000
TOTAL:	15,198,000

G. COMMUNICATION WITH SHAREHOLDERS

The Company believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables the Shareholders and investors to make the best investment decision.

Extensive information on the Group's activities, business strategies and developments is provided in the Company's annual reports, interim reports and other corporate communications. In addition, the Company maintains a website at www.fecil.com.hk, as a communication platform with the Shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. The Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: 16/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong
(For the attention of Head of Corporate Finance and Investor Relations)

Enquiries and requests will be dealt with by the Company in an informative and timely manner.

In addition, the Shareholders are encouraged to attend general meetings of the Company, which provide a valuable forum for dialogue and interaction with the management. The Board and Board Committee members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by the Shareholders.

Pursuant to Code Provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting of the Company. Due to unavoidable business engagement, the Chairman was unable to attend the annual general meeting of the Company held on 26 August 2016. The Chairman had arranged for other directors and management, who are well-versed in the Company's business and affairs, to attend the meeting and communicate with Shareholders.

H. SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. Besides, the Shareholders may convene an extraordinary general meeting or put forward proposals at Shareholders' meetings pursuant to the Articles as follows:

(i) Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may request the Board to convene an extraordinary general meeting by sending a written requisition to the Board at the Company's principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.

(ii) If a Shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the Shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's registered office or principal place of business in Hong Kong. The period for lodgement of such notices shall commence on the day after the despatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement (as the case may be) to the Company's principal place of business in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. The Shareholders' information may be disclosed as required by law.

During the Year under review, the Company has not made any changes to its Articles. An up-to-date version of the Articles is available on the websites of the Company and the Stock Exchange. The Shareholders may refer to the Articles for further details of the rights of Shareholders.

All resolutions put forward at Shareholders' meetings will be voted by way of poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fecil.com.hk) after each Shareholders' meeting.

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

To the shareholders of Far East Consortium International Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 122 to 213, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgements associated with determining the fair values. The investment properties are located in Australia, Hong Kong, the People's Republic of China, Singapore and United Kingdom. The investment properties are carried at HK$3,001,786,000 as at 31 March 2017 and represents 11% of total assets in the consolidated financial statements of the Group as at 31 March 2017. As disclosed in note 8 to the consolidated financial statements, changes in fair value of investment properties of HK$248,742,000 was recognised in the consolidated statement of profit or loss for the year ended 31 March 2017. As disclosed in note 15 to the consolidated financial statements, all of the Group's investment properties are held at fair value based on the valuations performed by independent qualified professional valuers (the "Valuers"). The valuations of investment properties are dependent on certain key inputs that require significant judgments by the directors of the Company, including market rent, market unit rate and capitalisation rate.	Our procedures in relation to the valuation of the investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuers and obtaining an understanding of their scope of work and their terms of engagements; • Obtaining an understanding of the valuation methodology and significant assumptions to assess if these approaches meet with industry norms; • Evaluating the reasonableness of the key inputs, including market rent, market unit rate and capitalisation rate adopted by the management and the Valuers, on a sample basis, by comparing the key inputs to relevant market data based on our knowledge of the property markets; and • Assessing the accuracy of the information provided by the management to the Valuers by agreeing the rental income and tenancy summary to the respective underlying tenancy agreements, on a sample basis.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognised from sales of properties	
We identified revenue recognition as a key audit matter as it is quantitatively significant to the consolidated statement of profit or loss. As disclosed in note 7 to the consolidated financial statements, the Group recognised revenue of HK$2,917,700,000 from sales of properties for the year ended 31 March 2017. Revenue from sales of properties is recognised when the respective properties have been completed and delivered to the buyers.	Our procedures in relation to revenue recognised from sales of properties included: • Assessing management's process and control over the point of time at which revenue from sales of properties is recognised; and • Evaluating the terms set out in the sales and purchase agreements, on a sample basis, and obtaining evidence regarding the delivery of properties, including, where relevant, completion certificates and delivery notices, to assess whether the significant risks and rewards of ownership of the properties have been transferred to the buyers.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Tan Wei Ming.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
13 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Revenue	7	5,005,309	3,995,090
Cost of sales and services		(2,709,013)	(1,989,973)
Depreciation and amortisation of hotel and car park assets		(306,701)	(298,784)
Gross profit		1,989,595	1,706,333
Other income		25,099	23,259
Other gains and losses	8	368,458	181,416
Administrative expenses			
– Hotel operations and management		(372,063)	(375,716)
– Others		(212,230)	(222,492)
Pre-operating expenses			
– Hotel operations and management		(8,116)	(1,204)
Selling and marketing expenses		(46,435)	(105,385)
Share of results of associates		(4,520)	4,546
Share of results of joint ventures		86	(3,114)
Finance costs	9	(173,235)	(228,334)
Profit before tax		1,566,639	979,309
Income tax expense	10	(433,780)	(221,347)
Profit for the year	11	1,132,859	757,962
Attributable to:			
Shareholders of the Company		1,117,688	734,427
Non-controlling interests		15,171	23,535
		1,132,859	757,962
Earnings per share	12		
Basic (HK cents)		51	37
Diluted (HK cents)		51	36

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
Profit for the year	**1,132,859**	757,962
Other comprehensive (expense) income for the year		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(391,262)**	(187,559)
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	**(42,640)**	(32,575)
Reclassification from hedging reserve to profit or loss	**–**	43,732
Other comprehensive expense for the year	**(433,902)**	(176,402)
Total comprehensive income for the year	**698,957**	581,560
Total comprehensive income attributable to:		
Shareholders of the Company	**684,017**	589,988
Non-controlling interests	**14,940**	(8,428)
	698,957	581,560

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current Assets			
Investment properties	15	3,001,786	3,304,213
Property, plant and equipment	16	7,481,570	7,720,482
Prepaid lease payments	17	486,491	522,412
Goodwill	18	68,400	68,400
Interests in associates	19	667,416	342,407
Interests in joint ventures	20(a)	353,742	41,052
Investment securities	21	692	692
Deposits for acquisition of property, plant and equipment		117,601	124,756
Amounts due from associates	41	70,724	70,734
Amount due from a joint venture	41	25,372	26,467
Amount due from an investee company	41	119,995	119,995
Other receivables	22	79,936	80,426
Pledged deposits	23	3,723	2,494
Deferred tax assets	34	31,233	35,512
		12,508,681	12,460,042
Current Assets			
Properties for sale	24		
Completed properties		280,341	583,706
Properties for/under development		8,889,843	8,056,484
Other inventories		8,137	9,414
Prepaid lease payments	17	14,466	15,181
Debtors, deposits and prepayments	25	375,190	527,404
Deposits receivable from stakeholders	26	252,109	586,880
Other receivables	22	11,688	12,605
Loans to a joint venture	41	77,313	–
Amounts due from joint ventures	41	51,204	50,018
Amount due from an associate	41	32,748	22,328
Tax recoverable		136,267	62,611
Investment securities	21	1,466,188	1,218,063
Derivative financial instruments	27	67	–
Pledged deposits	23	25,234	24,607
Restricted bank deposits	23	267,983	161,621
Deposit in a financial institution	23	11,331	11,331
Bank balances and cash	23	3,881,894	2,358,326
		15,782,003	13,700,579
Assets classified as held for sale	28	109,277	–
		15,891,280	13,700,579

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Current Liabilities			
Creditors and accruals	29	889,406	828,763
Customers' deposits received		2,109,874	2,460,113
Obligations under finance leases	30	3,775	3,468
Amount due to a related company	41	16,815	17,856
Amounts due to associates	41	7,186	8,836
Amounts due to shareholders of non-wholly owned subsidiaries	41	26,907	27,799
Derivative financial instruments	27	9,176	8,904
Tax payable		358,917	182,621
Bank borrowings	31	2,755,293	2,932,693
		6,177,349	6,471,053
Liabilities associated with assets classified as held for sale	28	3,600	–
		6,180,949	6,471,053
Net Current Assets		9,710,331	7,229,526
Total Assets less Current Liabilities		22,219,012	19,689,568
Non-current Liabilities			
Obligations under finance leases	30	7,594	4,845
Amount due to a shareholder of a non-wholly owned subsidiary	32	246,740	246,778
Derivative financial instruments	27	119,314	76,680
Notes and bonds	33	3,130,542	868,283
Bank borrowings	31	7,376,392	7,863,277
Deferred tax liabilities	34	394,715	362,450
		11,275,297	9,422,313
Net Assets		10,943,715	10,267,255
Capital and Reserves			
Share capital	35	223,837	213,171
Share premium		4,033,779	3,730,625
Reserves		6,534,186	6,196,336
Equity attributable to shareholders of the Company		10,791,802	10,140,132
Non-controlling interests		151,913	127,123
Total Equity		10,943,715	10,267,255

The consolidated financial statements on pages 122 to 213 were approved and authorised for issue by the Board of Directors on 13 June 2017 and are signed on its behalf by:

DAVID CHIU
DIRECTOR

CHEONG THARD HOONG
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to shareholders of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	Exchange reserve HK$'000	Share options reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2015	191,374	2,982,364	25,500	13,808	(93,121)	24,722	(86,246)	1,481,473	4,603,776	9,143,650	1,117,279	10,260,929
Profit for the year	–	–	–	–	–	–	–	–	734,427	734,427	23,535	757,962
Exchange differences arising on translation of foreign operations	–	–	–	–	(157,300)	–	–	–	–	(157,300)	(30,259)	(187,559)
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	–	–	–	–	–	–	(30,871)	–	–	(30,871)	(1,704)	(32,575)
Reclassification from hedging reserve to profit or loss	–	–	–	–	–	–	43,732	–	–	43,732	–	43,732
Other comprehensive (expense) income for the year	–	–	–	–	(157,300)	–	12,861	–	–	(144,439)	(31,963)	(176,402)
Total comprehensive income for the year	–	–	–	–	(157,300)	–	12,861	–	734,427	589,988	(8,428)	581,560
Shares issued in lieu of cash dividend	8,993	246,063	–	–	–	–	–	–	–	255,056	–	255,056
Shares issued upon exercise of share options	385	5,863	–	–	–	–	–	–	–	6,248	–	6,248
Repurchase of shares	(2,958)	(78,774)	2,958	–	–	–	–	–	(2,958)	(81,732)	–	(81,732)
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	2,591	–	–	–	2,591	(8,871)	(6,280)
Dividends recognised as distribution (note 13)	–	–	–	–	–	–	–	–	(333,728)	(333,728)	–	(333,728)
Acquisition of remaining interests in Dorsett	15,377	575,109	–	2,434	(36,647)	–	(21,782)	(422,293)	445,861	558,059	(960,576)	(402,517)
Additional non-controlling interest arising on partial disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	6,365	6,365
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(18,646)	(18,646)
At 31 March 2016	213,171	3,730,625	28,458	16,242	(287,068)	27,313	(95,167)	1,059,180	5,447,378	10,140,132	127,123	10,267,255

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to shareholders of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	Exchange reserve HK$'000	Share options reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Profit for the year	–	–	–	–	–	–	–	–	1,117,688	1,117,688	15,171	1,132,859
Exchange differences arising on translation of foreign operations	–	–	–	–	(391,031)	–	–	–	–	(391,031)	(231)	(391,262)
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	–	–	–	–	–	–	(42,640)	–	–	(42,640)	–	(42,640)
Other comprehensive expense for the year	–	–	–	–	(391,031)	–	(42,640)	–		(433,671)	(231)	(433,902)
Total comprehensive income for the year	–	–	–	–	(391,031)	–	(42,640)	–	1,117,688	684,017	14,940	698,957
Shares issued in lieu of cash dividend	10,406	296,783	–	–	–	–	–	–	–	307,189	–	307,189
Shares issued upon exercise of share options	260	6,371	–	–	–	–	–	–	–	6,631	–	6,631
Lapsed of share options	–	–	–	–	–	(3,203)	–	–	3,203	–	–	–
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	1,344	–	–	–	1,344	–	1,344
Gain on revaluation of properties transferred from property, plant and equipment to investment properties	–	–	–	8,654	–	–	–	–	–	8,654	–	8,654
Dividends recognised as distribution (note 13)	–	–	–	–	–	–	–	–	(354,749)	(354,749)	–	(354,749)
Additional non-controlling interest on a subsidiary	–	–	–	–	–	–	–	–	–	–	297	297
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(5,346)	(5,346)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	(1,416)	–	(1,416)	(4,782)	(6,198)
Deemed capital contribution arising from interest-free loans advanced by a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	19,681	19,681
At 31 March 2017	223,837	4,033,779	28,458	24,896	(678,099)	25,454	(137,807)	1,057,764	6,213,520	10,791,802	151,913	10,943,715

Other reserve mainly comprise (a) credit balance of HK$1,038,709,000 recognised in respect of the group reorganisation in 1991, representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition; (b) credit balance of HK$440,192,000 recognised in the year ended 31 March 2010 in respect of the gain on decrease in interest in a former non-wholly owned listed subsidiary, Dorsett Hospitality International Limited ("Dorsett") at that time; (c) a debit balance of HK$3,097,000 and HK$1,416,000 recognised in the year ended 31 March 2013 and 31 March 2017 in respect of the excess of the consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Care Park Group Pty Limited, acquired; (d) a credit balance of HK$6,415,000 recognised in the year ended 31 March 2014 in respect of the excess of the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired over the consideration; (e) a debit balance of HK$746,000 recognised in the year ended 31 March 2015 in respect of the excess of consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired; (f) credit balance of HK$23,568,000 representing the difference between the Group's interest in the net assets acquired from shareholders of non-wholly owned subsidiaries and the consideration paid for the acquisition of remaining interests in Dorsett and the transfer of the net amount of HK$445,861,000 previously recognised for Dorsett in other reserve, to retained profits arising from the acquisition in the year ended 31 March 2016.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
Operating activities		
Profit before tax	1,566,639	979,309
Adjustments for:		
Share of results of joint ventures	(86)	3,114
Share of results of associates	4,520	(4,546)
Reversal on impairment loss recognised on interest in a joint venture	(3,667)	(11,061)
Depreciation and amortisation	324,091	316,179
Dividend from listed and unlisted investments	(63)	(287)
Interest income	(15,084)	(5,853)
Finance costs	173,235	228,334
Change in fair value of investment properties	(248,742)	(191,612)
Gain arising on transfer of completed properties for sale to investment properties	(31,043)	(735)
Change in fair value of financial assets at fair value through profit or loss	(52,527)	54,832
Change in fair value of derivative financial instruments	(10,421)	(9,833)
Recognition of share-based payment expenses	1,344	(6,280)
Gain on disposal of property, plant and equipment	–	(160)
(Reversal on impairment loss) impairment loss recognised on trade debtors	(1,252)	1,432
Impairment loss recognised on interest in an associate	25,000	–
Operating cash flows before movements in working capital	1,731,944	1,352,833
Increase in properties for sale	(735,298)	(3,157,830)
Decrease (increase) in other inventories	1,184	(478)
Decrease in other receivables	1,510	55,160
Decrease (increase) in debtors, deposits and prepayments	472,045	(308,066)
Increase in financial assets at fair value through profit or loss	(208,535)	(122,764)
Increase in derivative financial instruments	15,156	16,609
Increase in creditors and accruals	101,058	104,755
(Decrease) increase in customers' deposits received	(202,741)	1,911,066
Cash from (used in) operations	1,176,323	(148,715)
Income tax paid	(275,059)	(371,780)
Net cash from (used in) operating activities	901,264	(520,495)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
Investing activities		
Proceeds from partial disposal of a subsidiary	–	6,365
Capital investment in associates	(361,248)	(22,220)
Capital investment in joint ventures	(312,604)	(300)
Acquisition and development expenditures of property, plant and equipment	(471,051)	(568,519)
Development expenditures and additional cost of investment properties	(158,919)	(85,390)
Proceeds from disposal of investments properties	708,067	12,902
Proceeds from disposal of property, plant and equipment	2,223	5,644
Placement of pledged bank deposits	(3,053)	(31,157)
Release of pledged bank deposits	1,204	279,607
Placement of restricted bank deposits	(128,349)	(114,844)
Release of restricted bank deposits	–	3
Advance to an associate	(12,311)	(22,551)
Advance to a joint venture	(1,523)	(50,333)
Repayment from a joint venture	–	6,704
Loans to a joint venture	(77,313)	–
Dividend and distribution received from associates and a joint venture	10,386	12,068
Dividend received from listed and unlisted investments	63	287
Bank interest received	15,084	5,853
Net cash used in investing activities	(789,344)	(565,881)
Financing activities		
Repurchase of bonds	–	(96,915)
Redemption of bonds	–	(1,248,593)
Net proceeds on issue of note	2,302,769	–
Repurchase of own shares	–	(81,732)
Advance from a shareholder of a non-wholly owned subsidiary	26,933	245,543
Proceeds from issue of shares	6,631	6,248
Acquisition of additional interests in subsidiaries	(6,198)	(402,517)
Capital contribution from non-controlling interests	297	–
New bank and other borrowings raised	3,347,408	6,193,245
Repayments of bank and other borrowings	(3,797,304)	(2,905,525)
Payments of finance lease obligations	(4,156)	(356)
Advance from (repayments to) a related company	709	(26,641)
Repayments to an associate	(1,650)	(1,173)
Dividends paid	(47,560)	(78,672)
Dividends paid to shareholders of non-wholly owned subsidiaries	(5,346)	(18,646)
Interest paid	(379,288)	(379,981)
Net cash from financing activities	1,443,245	1,204,285
Net increase in cash and cash equivalents	1,555,165	117,909
Cash and cash equivalents brought forward	2,369,657	2,285,037
Effect of foreign exchange rate changes	(31,483)	(33,289)
Cash and cash equivalents carried forward	3,893,339	2,369,657
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	3,881,894	2,358,326
Bank balances and cash included in assets classified as held for disposal (note 28)	114	–
Deposit in a financial institution	11,331	11,331
	3,893,339	2,369,657

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL

Far East Consortium International Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands. The shares of the company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company and its subsidiaries are together referred to as the Group. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2017 annual report issued by the Company.

The principal activities of the Group are property development, property investment, hotel operations and management, car park operations and facilities management, and securities and financial product investments. The details of the principal subsidiaries are set out in note 47.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants

The application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current year and prior period and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs and Interpretation in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and Interpretation that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

HKFRS 9 *Financial instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (the "FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 *Financial instruments* (continued)

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 *Financial Instruments: Recognition and Measurement*. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Group's financial instruments and risk management policies as at 31 March 2017, the application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of that effect until a detail review has been completed.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract(s)

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract(s)

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 *Revenue from Contracts with Customers* (continued)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Management is currently assessing the effects of applying this new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- Revenue from pre-sales of properties under development may not be recognised at a point in time. Instead, some may be resulted in recognition of revenue over a period of time depending on the terms of the contract;

- The timing of revenue recognition for sale of completed properties held for sale which is currently based on whether significant risk and reward of ownership of properties transfer, may be different under the control transfer model; and

- The Group currently offers different payment plans to customers, which may have to adjust the transaction price for revenue recognition when significant financial component exists.

At this stage, management is not able to quantify the impact of this new standard on the Group's consolidated financial statements. Management is currently performing a more detailed assessment on the impact on the Group. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16 by the Group, lease payments in relation to lease liability will be allocated into principal and an interest portion which will be presented as financing cash flows.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 16 *Leases* (continued)

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$196,833,000 as disclosed in note 39. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.

Amendments to HKAS 40 *Transfers of Investment Property*

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

For other amendments to HKFRSs and the new Interpretation, the Directors do not expect a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participants' ability to generate economic benefits by using the asset in its highest and best use by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after reattribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the shareholders of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the date of acquisition date (i.e. the date when the Group obtained control), and resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Transfer from investment property to property, plant and equipment will be made when there is a change in use, evidenced by commencement of owner occupation. The fair value at the date of transfer becomes the deemed cost for subsequent accounting as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

Property inventory is transferred to investment properties when it is evidenced by the commencement of an operating lease to another party. The difference between the fair value and the carrying amount at the date of transfer is recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment including buildings, leasehold land and freehold land held for use in the production or supply of goods or services, or for administrative purpose (other than properties under development and construction-in-progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of property, plant and equipment other than properties under development and construction-in-progress less their residual values over their estimated useful lives, using the straight-line method. No depreciation is provided on buildings and hotel under development which have not been in use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease terms, assets are depreciated over the shorter of the lease terms and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of properties, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset is recognised in profit or loss.

If an item of property, plant and equipment is transferred to an investment property when there is a change of use, evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in asset revaluation reserve. On the subsequent sale or retirement of the asset, the asset revaluation reserve will be transferred directly to retained profits.

Properties for/under development

Hotel under development held for owner's operation are stated at cost, less any impairment loss recognised. Cost comprises development expenditure including professional charges directly attributable to the development and interest capitalised during the development period. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties for/under development (continued)

When the building on the leasehold land is in the course of development and the leasehold land component is accounted for as operating lease, the amortisation of prepaid lease payments provided during the construction period is included as part of the costs of the buildings under construction. If the leasehold land is accounted for as finance lease, the cost of land is included within hotel properties under development.

Properties which are intended for sale after completion of development within the Group's normal operating cycle are stated at the lower of cost and net realisable value. Cost includes costs of land, development expenditure, borrowing costs capitalised and other direct costs attributable to such properties. Such properties are recorded as properties for sales under current assets. Net realisable value represents the estimated selling price less all anticipated costs of completion and costs to incur in marketing and selling the properties.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on straight-line basis over the terms of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease terms.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease terms, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease terms on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or a joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Properties for sale

Properties for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for properties for sale less all estimated costs necessary to make the sale.

Other inventories

Other inventories, comprising food and beverage, are stated at the lower of cost and net realisable value. Costs of other inventories are determined on a first-in-first-out basis.

Non-current assets held for disposal

Non-current assets or disposal groups are classified as held for disposal if their carrying amount will be recovered principally through a disposal transaction rather than through continuing use. This condition is regarded as met only when the disposal is highly probable and the asset (or disposal group) is available for immediate disposal in its present condition. For the disposal to be highly probable, management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (or disposal groups) classified as held for disposal are measured at the lower of the assets' (or disposal groups') previous carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into "financial assets at fair value through profit or loss" ("FVTPL"), "available-for-sale financial assets" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition, it is a part of portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 6.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as any of the other categories.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amounts due from associates, an investee company and joint ventures, debtors, other receivables, loans to a joint venture, pledged deposits, restricted bank deposits, deposit in a financial institution, deposits receivable from stakeholders, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade debtors, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When such debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition, it is a part of portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 44.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Other financial liabilities at amortised cost

Other financial liabilities (including creditors, amounts due to a related company, associates and shareholders of non-wholly owned subsidiaries, notes and bonds and secured bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedging is recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the "other gains and losses" line item.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Hedge accounting (continued)

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedge item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold or services provided in the normal course of business, net of discounts and sales related taxes as follows:

- Revenue from sale of properties is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are recorded as sales deposits under current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

- Revenue from hotel operations and hotel management service fee are recognised when the relevant services are provided.

- Revenue from car park operations and facilities management is recognised when the relevant facilities are provided. Building management fee income is recognised when the relevant services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that economic benefits will flow to the Group and the amount of income can be measured reliability).

The Group's policy for recognition of revenue from operating leases is described in the accounting policy for "Leasing" above.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies under "Hedge accounting" above).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributable to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit schemes

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employee are measured at the fair value of the equity instruments at the grant date.

Share options granted to employees after 7 November 2002 and vested on or after 1 April 2005

The fair value determined at the grant date of the equity-settled share-based payments equity is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of options expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deterred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Impairment losses on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of giving rise to a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurement and valuation processes

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified professional valuers to perform the valuation. At the end of each reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets or a liability, the causes of the fluctuations will be reported to the Directors of the Company for appropriate actions to be taken.

Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities, including the investment properties and financial instruments are disclosed in notes 15 and 44.

Deferred tax

As 31 March 2017, a deferred tax asset of HK$64,659,000 (2016: HK$47,858,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the foreseeable future such that the deferred tax assets can be utilised. The management of the Group determine whether deferred tax assets would be recognised based on profit projections of the respective group entities and the expected reversal of taxable temporary differences in the coming years. The Group reviews the probability of utilising tax losses in future at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the year in which such a recognition or reversal takes place.

5. CAPITAL RISK MANAGEMENT

It is the Group's policy to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern and to sustain future development of the Group's business. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which includes bank borrowings, notes and bonds, net of bank balances and cash, restricted bank deposits, pledged deposits, deposits receivable from stakeholders and deposit in a financial institution), and equity attributable to shareholders of the Company, comprising issued share capital, share premium and reserves.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall structure through issuance of new shares, raising new debts and repayment of existing debts, if necessary.

6. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers. Information reported to the Group's chief operating decision makers, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the property development, property investment, operations of Dorsett Hospitality International Limited ("Dorsett") and its subsidiaries (including hotel operations and management and property investment), and car park operations and facilities management in each of the geographical locations as stated below, securities and financial product investments and other operations, which mainly include provision of engineering services and second mortgage loans.

The accounting policies adopted in preparing the segment information are the same as the accounting policies described in note 3. Segment profit (loss) represents the pre-tax profit earned (loss incurred) by each segment without allocation of central administrative costs, directors' salaries and finance costs.

6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Segment revenue		Segment profit (loss)	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Property development				
– Australia	**1,724,234**	712,987	**513,444**	186,528
– Hong Kong ("HK")	**–**	34,671	**(21,906)**	(49,397)
– Malaysia	**–**	–	**(538)**	(24,586)
– Other regions in People's Republic of China excluding HK ("PRC")	**1,212,454**	1,219,607	**749,779**	786,538
– Singapore	**–**	–	**(7,579)**	(7,684)
– United Kingdom ("UK")	**13**	3,565	**(1,066)**	2,731
	2,936,701	1,970,830	**1,232,134**	894,130
Property investment				
– Australia	**5,418**	7,771	**2,390**	7,197
– HK	**36,243**	36,831	**194,131**	117,290
– PRC	**12,922**	14,450	**(19,289)**	(29,026)
	54,583	59,052	**177,232**	95,461
Operations of Dorsett and its subsidiaries				
– HK	**665,300**	650,496	**159,125**	156,104
– Malaysia	**209,320**	215,547	**16,378**	18,723
– PRC	**218,845**	197,935	**(8,985)**	6,801
– Singapore	**93,534**	100,849	**28,896**	28,021
– UK	**121,955**	119,778	**7,551**	11,792
	1,308,954	1,284,605	**202,965**	221,441
Car park operations and facilities management				
– Australia	**628,452**	608,672	**51,385**	48,636
– Malaysia	**9,408**	14,001	**5,613**	6,635
– UK	**3,581**	–	**2,790**	–
	641,441	622,673	**59,788**	55,271
Securities and financial product investments	**62,478**	56,822	**112,104**	9,224
Other operations	**1,152**	1,108	**9,990**	3,741
Segment revenue/segment profit	**5,005,309**	3,995,090	**1,794,213**	1,279,268
Unallocated corporate expenses			**(54,339)**	(71,625)
Finance costs			**(173,235)**	(228,334)
Profit before tax			**1,566,639**	979,309
Income tax expense			**(433,780)**	(221,347)
Profit for the year			**1,132,859**	757,962

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For the year ended 31 March 2017

6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results (continued)

None of the segments derived any revenue from transactions with other segments.

No revenue from any single customer contributed over 10% of the total revenue of the Group.

(b) Segment assets

The following is an analysis of the Group's assets by reportable segment as at the end of the reporting period. Segment assets represent assets held by each segment without allocation of corporate assets which are mainly bank balances and cash and deposit in a financial institution.

	2017 HK$'000	2016 HK$'000
Property development		
– Australia	3,309,546	2,461,054
– HK	2,179,248	1,943,039
– Malaysia	641,353	490,424
– PRC	2,559,895	2,788,467
– Singapore	2,369,356	2,390,450
– UK	327,605	348,355
	11,387,003	10,421,789
Property investment		
– Australia	161,296	106,414
– HK	2,242,535	2,744,140
– PRC	4,821	4,222
	2,408,652	2,854,776
Operations of Dorsett and its subsidiaries		
– HK	3,627,380	3,574,531
– Malaysia	819,955	885,849
– PRC	1,887,490	2,078,333
– Singapore	608,915	675,385
– UK	1,068,067	999,932
	8,011,807	8,214,030
Car park operations and facilities management		
– Australia	759,231	699,048
– Malaysia	137,101	140,759
– UK	139,708	–
	1,036,040	839,807
Securities and financial product investments	1,442,422	1,207,219
Other operations	220,812	253,343
Segment assets	24,506,736	23,790,964
Unallocated corporate assets	3,893,225	2,369,657
Total assets	28,399,961	26,160,621

6. SEGMENT INFORMATION (continued)

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers determined based on the operating location and (ii) the Group's non-current assets by location of assets, excluding investment securities, amounts due from associates, amount due from a joint venture, amount due from an investee company, other receivables, pledged deposits and deferred tax assets.

	Revenue from external customers		Non-current assets	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
Australia	2,358,104	1,329,430	1,605,965	828,919
HK	765,173	779,928	5,539,462	6,088,951
Malaysia	218,728	229,548	923,471	989,541
PRC	1,444,221	1,431,992	2,350,499	2,549,857
Singapore	93,534	100,849	585,011	657,505
UK	125,549	123,343	1,172,598	1,008,949
	5,005,309	3,995,090	12,177,006	12,123,722

(d) Other information

The following table sets out amounts included in the measure of segment profit or loss or segment assets:

	2017						
	Property development HK$'000	Property investment HK$'000	Hotel operations and management HK$'000	Car park operations and facilities management HK$'000	Securities and financial product investments HK$'000	Other operations HK$'000	Consolidated HK$'000
Reversal on impairment loss (impairment loss) recognised on trade debtors	-	1,758	(506)	-	-	-	1,252
Impairment loss recognised in respect of interest in an associate	-	-	(25,000)	-	-	-	(25,000)
Depreciation and amortisation	(1,722)	(8,275)	(283,240)	(23,908)	-	(6,946)	(324,091)
Change in fair value of investment properties	43,267	181,998	23,477	-	-	-	248,742
Change in fair value of financial assets at FVTPL	-	-	-	-	52,527	-	52,527
Change in fair value of derivative financial instruments	-	(5,495)	(243)	-	16,159	-	10,421
Share of results of associates	(2,955)	(1,565)	-	-	-	-	(4,520)
Share of results of joint ventures	-	1,928	-	1,048	-	(2,890)	86
Reversal on impairment loss recognised on interest in a joint venture	-	-	-	-	-	3,667	3,667
Interests in associates	380,531	251,939	34,946	-	-	-	667,416
Interests in joint ventures	225,064	3,081	120,177	1,048	-	4,372	353,742

6. SEGMENT INFORMATION (continued)

(d) Other information (continued)

	2016						
	Property development HK$'000	Property investment HK$'000	Hotel operation and management HK$'000	Car park operation and facilities management HK$'000	Securities and financial product investments HK$'000	Other operations HK$'000	Consolidated HK$'000
Impairment loss recognised on trade debtors	(657)	(580)	(195)	–	–	–	(1,432)
Depreciation and amortisation	(1,501)	(8,042)	(278,549)	(21,059)	–	(7,028)	(316,179)
Change in fair value of investment properties	52,356	94,675	44,581	–	–	–	191,612
Change in fair value of financial assets at FVTPL	–	–	–	–	(54,832)	–	(54,832)
Change in fair value of derivative financial instruments	–	–	–	–	9,833	–	9,833
(Loss) gain on disposal of property, plant and equipment	(1)	–	(565)	(279)	–	1,005	160
Share of results of associates	–	4,546	–	–	–	–	4,546
Share of results of joint ventures	–	–	–	–	–	(3,114)	(3,114)
Reversal on impairment loss recognised on interest in a joint venture	–	–	–	–	–	11,061	11,061
Interests in associates	22,239	260,205	59,963	–	–	–	342,407
Interests in joint ventures	32,339	1,153	300	–	–	7,260	41,052

Information about segment liabilities are not regularly reviewed by chief operating decision makers. Accordingly, segment liability information is not presented.

7. REVENUE

Revenue represents the aggregate amount of proceeds from sale of properties, gross rental from leasing of properties, income from hotel operations and management, car park operations and facilities management, provision of property management services, interest income and dividend income from financial instruments and other operations as set out as follows:

	2017 HK$'000	2016 HK$'000
Sale of properties	2,917,700	1,947,164
Leasing of properties	119,398	126,672
Hotel operations and management	1,249,092	1,226,113
Car park operations and facilities management	642,989	623,145
Provision of property management services	12,500	14,067
Interest income and dividend income from financial instruments	62,478	56,822
Other operations	1,152	1,107
	5,005,309	3,995,090

8. OTHER GAINS AND LOSSES

	2017 HK$'000	2016 HK$'000
Change in fair value of investment properties	**248,742**	191,612
Change in fair value of financial assets at FVTPL	**52,527**	(54,832)
Gain arising on transfer of completed properties for sale to investment properties	**31,043**	735
Change in fair value of derivative financial instruments	**10,421**	9,833
Net foreign exchange gains	**45,806**	24,279
Reversal on impairment loss (impairment loss) recognised on trade debtors	**1,252**	(1,432)
Impairment loss recognised in respect of interest in an associate	**(25,000)**	–
Reversal on impairment loss recognised on interest in a joint venture	**3,667**	11,061
Gain on disposal of property, plant and equipment	**–**	160
	368,458	181,416

9. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on:		
Bank borrowings	**269,277**	254,182
Other loans	**159**	329
Finance leases	**–**	9
Interest on notes and bonds	**102,286**	124,348
Less: net interest income from cross currency swap contracts	**(4,620)**	(19,656)
Amortisation of front-end fee	**9,709**	6,106
Others	**3,975**	10,640
Total interest costs	**380,786**	375,958
Less: amounts capitalised to properties under development:		
– Investment properties	**–**	(1,883)
– Properties for owners' occupation	**(32,510)**	(21,152)
– Properties for sale	**(175,041)**	(122,239)
– Construction-in-progress	**–**	(2,350)
	173,235	228,334

Borrowing costs capitalised during the year which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 2.54% to 6.17% (2016: 2.18% to 6.17%) per annum to expenditure on the qualifying assets.

10. INCOME TAX EXPENSE

	2017 HK$'000	2016 HK$'000
The income tax expense comprises:		
Current tax:		
HK Profits Tax	**14,721**	4,463
PRC Enterprise Income Tax ("PRC EIT")	**185,004**	169,723
PRC Land Appreciation Tax ("PRC LAT")	**63,180**	63,515
Australia Income Tax	**118,368**	22,475
Malaysia Income Tax	**1,821**	2,502
Singapore Income Tax	**13,454**	4,352
UK Income Tax	**456**	–
	397,004	267,030
(Over) underprovision in prior years:		
HK Profits Tax	**(3,402)**	(53,628)
PRC EIT	**–**	(33,481)
Australia Income Tax	**–**	605
Malaysia Income Tax	**70**	(48)
Singapore Income Tax	**1,211**	(1,338)
	(2,121)	(87,890)
Deferred taxation (note 34)	**38,897**	42,207
	433,780	221,347

HK Profits Tax is calculated at 16.5% of the estimated assessable profits for both years of each individual company comprising the Group less tax losses brought forward where applicable.

PRC EIT is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law at the rate of 25%.

PRC LAT is levied at the deemed levying rates in accordance with the relevant PRC tax laws and regulations.

The domestic statutory tax rate of Australia, Malaysia, Singapore and UK is 30%, 24% (2016: 25%), 17% and 20% of the estimated assessable profits for both years, respectively.

10. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to profit before tax per the consolidated statement of profit or loss as follows:

	HK HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Other HK$'000	Consolidated HK$'000
2017							
Profit before tax	303,361	683,997	553,869	9,410	13,979	2,023	1,566,639
Applicable income tax rate	16.5%	25%	30%	24%	17%	16.5% to 25%	
Tax at the applicable income tax rate	50,055	170,999	166,161	2,258	2,376	434	392,283
Tax effect of expenses not deductible for tax purpose	29,319	32,264	2,131	3,646	4,852	2,037	74,249
Tax effect of income not taxable for tax purpose	(58,018)	(2,598)	(18,406)	(4)	(551)	(2,015)	(81,592)
PRC LAT	–	63,180	–	–	–	–	63,180
Tax effect of PRC LAT	–	(15,795)	–	–	–	–	(15,795)
Tax effect of deductible temporary difference not recognised	(3,412)	–	(392)	(211)	–	–	(4,015)
Tax effect of tax losses not recognised	18,694	20,577	–	–	555	–	39,826
Utilisation of tax losses previously not recognised	(23,494)	(1,306)	–	(8,143)	–	–	(32,943)
Tax effect of share of results of associates	335	–	887	–	–	–	1,222
Tax effect of share of results of joint ventures	(318)	726	–	–	–	–	408
(Over)underprovision in prior years	(3,402)	–	–	70	1,211	–	(2,121)
Others	(2,349)	(591)	2,357	1,160	(1,499)	–	(922)
Income tax expense for the year	7,410	267,456	152,738	(1,224)	6,944	456	433,780

	HK HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Other HK$'000	Consolidated HK$'000
2016							
(Loss) profit before tax	(18,818)	746,285	246,926	(13,065)	7,555	10,426	979,309
Applicable income tax rate	16.5%	25%	30%	25%	17%	16.5% to 35%	
Tax at the applicable income tax rate	(3,105)	186,571	74,078	(3,266)	1,284	3,637	259,199
Tax effect of expenses not deductible for tax purpose	21,724	12,475	1,490	3,979	4,644	1,454	45,766
Tax effect of income not taxable for tax purpose	(29,672)	(7,208)	(18,379)	(6,431)	(10)	(2,870)	(64,570)
PRC LAT	–	63,515	–	–	–	–	63,515
Tax effect of PRC LAT	–	(15,879)	–	–	–	–	(15,879)
Tax effect of deductible temporary difference not recognised	942	–	–	(1,015)	–	–	(73)
Tax effect of tax losses not recognised	16,041	16,390	–	7,415	–	–	39,846
Utilisation of tax losses previously not recognised	19	(9,071)	(3,159)	(4,331)	–	(1,028)	(17,570)
Tax effect of share of results of associates	(750)	–	–	–	–	–	(750)
Tax effect of share of results of joint ventures	35	832	–	–	–	–	867
(Over)underprovision in prior years	(53,628)	(33,481)	605	(48)	(1,338)	–	(87,890)
Others	826	(1,472)	–	941	(216)	(1,193)	(1,114)
Income tax expense for the year	(47,568)	212,672	54,635	(2,756)	4,364	–	221,347

Details of the deferred taxation are set out in note 34.

11. PROFIT FOR THE YEAR

	2017 HK$'000	2016 HK$'000
Profit for the year has been arrived at after charging:		
Cost of properties sold recognised as an expense	1,664,570	974,579
Auditor's remuneration	12,754	10,108
Depreciation		
– Operations of Dorsett and its subsidiaries	273,800	268,612
– Car park operations	24,020	21,059
– Others	15,640	15,377
	313,460	305,048
Amortisation of prepaid lease payments	10,631	11,131
Amortisation of investment in a joint venture (included in share of results of joint ventures)	2,904	2,904
(Reversal of impairment loss) impairment loss recognised on trade debtors	(1,252)	1,432
Staff costs (included HK$351,686,000 (2016: HK$330,104,000) in cost of sales and services)		
– Directors' emoluments (note 14(a))	23,298	25,911
– Other staff	612,237	589,741
– Share-based payment expenses to staff	615	1,180
	636,150	616,832
Share of taxation of associates (included in share of results of associates)	1,417	1,567
and after crediting:		
Rental income, net of outgoings of HK$14,503,000 (2016: HK$12,794,000)	104,895	113,878
Bank interest income	15,084	5,853

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the consolidated profit for the year attributable to the shareholders of the Company of HK$1,117,688,000 (2016: HK$734,427,000) and the number of shares calculated as follows:

	2017 '000	2016 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,173,825**	2,010,450
Effect of dilutive potential ordinary shares – Company's share options	**2,178**	2,608
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,176,003**	2,013,058

The computation of diluted earnings per share in prior year did not assume the exercise of Dorsett's share options as the exercise prices of those options are higher than the average market prices of the Dorsett's shares.

13. DIVIDENDS

	2017 HK$'000	2016 HK$'000
Dividends recognised as distribution during the year:		
2017 interim dividend of HK3.5 cents per share (2016: 2016 interim dividend of HK3 cents per share)	**77,627**	64,452
2016 final dividend of HK13 cents per share (2016: 2015 final dividend of HK13 cents per share)	**277,122**	269,276
	354,749	333,728

The 2017 interim dividend and 2016 final dividend was declared in the form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK$3.254 and HK$2.878 per share respectively. Shares issued during the year on the shareholders' election for shares are set out in note 35. These new shares rank pari passu to the existing shares of the Company.

A final dividend for the year ended 31 March 2017 of HK15 cents (2016: HK13 cents) per share, total amount of HK$335,756,000 has been proposed by the Directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

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14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and chief executive's emoluments

The emoluments paid and payable to each of the Directors and Chief Executive of the Company for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

Name of directors	Fees HK$'000	Salaries, bonuses and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payment expenses HK$'000	Total HK$'000
For the year ended 31 March 2017					
Executive Directors:					
David CHIU	25	2,268	18	–	2,311
Dennis CHIU	25	6,346	71	–	6,442
Craig Grenfell WILLIAMS	25	6,599	204	–	6,828
Cheong Thard HOONG	25	6,065	18	429	6,537
Non-executive Director:					
Chi Hing CHAN	220	–	–	300	520
Independent Non-executive Directors:					
Kwok Wai CHAN	220	–	–	–	220
Peter Man Kong WONG	220	–	–	–	220
Kwong Siu LAM	220	–	–	–	220
	980	21,278	311	729	23,298

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors' and chief executive's emoluments (continued)

Name of directors	Fees HK$'000	Salaries, bonuses and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payment expenses HK$'000	Total HK$'000
For the year ended 31 March 2016					
Executive Directors:					
David CHIU	25	2,280	12	–	2,317
Dennis CHIU	25	6,242	65	–	6,332
Craig Grenfell WILLIAMS	25	5,184	204	–	5,413
Chi Hing CHAN (note 1)	19	5,914	14	581	6,528
Cheong Thard HOONG	25	3,734	18	830	4,607
Non-executive Director:					
Chi Hing CHAN (note 1)	54	–	–	–	54
Independent Non-executive Directors:					
Kwok Wai CHAN	220	–	–	–	220
Peter Man Kong WONG	220	–	–	–	220
Kwong Siu LAM	220	–	–	–	220
	833	23,354	313	1,411	25,911

notes:

1. Chi Hing CHAN resigned as Executive Director and re-appointed as Non-executive Director on 1 January 2016.

Mr. David CHIU is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive.

The fee paid or payable to Executive Directors, Chief Executive, Non-executive Director and Independent Non-executive Directors shown above were mainly for their services in connection with their services as directors of the Company.

The salaries, bonuses and other benefits, retirement benefit scheme contributions, and share-based payment expenses paid or payable to Executive Directors, Chief Executive and Non-executive Director shown above were mainly for their services in connection with the management of the affairs of the Group.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors' and chief executive's emoluments (continued)

Performance related incentive payment was paid/payable to Craig Grenfell WILLIAMS of HK$4,447,500 (2016: HK$2,962,500) and included in salaries and other benefits, which was determined with reference to their performances.

Neither the chief executive nor any of the directors waived or agreed to waive any emoluments in the years ended 31 March 2017 and 31 March 2016.

(b) Certain executive and non-executive directors of the Company were granted options to subscribe for shares in the Company under the share option schemes adopted by the Company. Details of the share option schemes are disclosed in note 42.

(c) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, four (2016: four) were directors whose emoluments are disclosed above. The remuneration of the remaining one (2016: one) individual is as follows:

	2017 HK$'000	2016 HK$'000
Salaries and other benefits	2,832	2,670
Retirement benefit scheme contributions	18	18
	2,850	2,688

The remuneration of highest paid employee who is not a director of the Company was within the following band:

	2017 Number of employee	2016 Number of employee
HK$2,500,001 to HK$3,000,000	1	1

No emolument was paid to the directors and the highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

15. INVESTMENT PROPERTIES

	Completed properties HK$'000	Properties under development HK$'000	Total HK$'000
At 1 April 2015	2,561,315	593,000	3,154,315
Additions	2,529	84,744	87,273
Disposals	(12,902)	–	(12,902)
Reclassify from properties for sales	4,603	–	4,603
Reclassify to property, plant and equipment	(84,796)	–	(84,796)
Increase in fair value	143,356	48,256	191,612
Exchange alignment	(35,892)	–	(35,892)
At 31 March 2016	2,578,213	726,000	3,304,213
Additions	138,426	20,493	158,919
Reclassify from properties for sales	43,704	–	43,704
Reclassify from property, plant and equipment	20,900	–	20,900
Transfer to completed properties	783,117	(783,117)	–
Disposals	(708,067)	–	(708,067)
Increase in fair value	212,118	36,624	248,742
Exchange alignment	(66,625)	–	(66,625)
At 31 March 2017	3,001,786	–	3,001,786

	2017 HK$'000	2016 HK$'000
The carrying amounts of investment properties which are stated at fair value are on land located:		
In HK:		
Long leases	132,550	755,700
Medium-term leases	1,430,651	1,294,613
Outside HK:		
Freehold	286,594	93,813
Long leases	152,900	165,886
Medium-term leases	999,091	994,201
	3,001,786	3,304,213

During the year ended 31 March 2016, the Group changed the intention of use of certain investment properties and reclassified as property, plant and equipment at their fair value on the date of transfer.

During the year ended 31 March 2017, the Group transferred certain property, plant and equipment to investment properties at fair value of HK$20,900,000 upon change in use, which was evidenced by commencement of operating leases.

15. INVESTMENT PROPERTIES (continued)

During the year ended 31 March 2017, the Group transferred certain completed properties for sales to investment properties at fair value HK$43,704,000 (2016: HK$4,603,000) upon change in use, which was evidenced by commencement of operating leases.

The fair value of the completed investment properties and investment properties under development in Hong Kong and outside Hong Kong at 31 March 2017, 31 March 2016 and at the date of transfer have been arrived at on the basis of a valuation carried out on those date by the following independent firm of qualified professional valuers not connected to the Group:

Location of the investment properties	Independent qualified professional valuers	Qualification
Australia	CBRE Valuations Pty Limited DTZ Australia (VIC) Pty Limited	Member of the Australian Property Institute
HK/PRC	DTZ Cushman & Wakefield Limited	Member of the Hong Kong Institute of Surveyors
Singapore	Savills Valuation and Professional Services (S) Pte. Ltd	Member of the Singapore Institute of Surveyors and Valuers
UK	Cushman & Wakefield Debenham Tie Leung Limited	Member of Royal Institution of Chartered Surveyors

In determining the fair value of the relevant properties, the Group engages independent qualified professional valuers ("Valuers") to perform the valuation. The management of the Company works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Company report the findings of the valuation to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties.

The valuation of the completed investment properties, which falls under level 3 of the fair value hierarchy, was arrived at by reference to market evidence of transaction prices for similar properties at similar locations or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted for the Valuer's knowledge of factors specific to the respective properties.

The valuation of the investment properties under development, which falls under level 3 of the fair value hierarchy, has been arrived at by using direct comparison approach with reference to comparable properties as available in the market with adjustments made to account for the differences and with due allowance for development costs, and indirect costs that will be expended to complete the development as well as developer's risks associated with the development of the property at the valuation date and the return that the developer would require for bringing them to the completion status, which is determined by the Valuers, based on its analyses of recent land transactions and market value of similar completed properties in the relevant locations.

15. INVESTMENT PROPERTIES (continued)

The fair value measurement of Group's major investment properties and information about the fair value hierarchy at 31 March 2017 and 31 March 2016 are as follows:

The key inputs used in valuing the investment properties under the income capitalisation approach were the capitalisation rates used and market rent. A slight increase in the capitalisation rate used would result in a significant decrease in the fair value of the investment properties, and vice versa. A significant increase in the monthly unit rent would result insignificant increase in the fair value and vice versa.

Details of the significant unobservable input under the income capitalisation approach are as follows:

Class of property	Capitalisation rates	Market rent
Office portion in HK	2.50% to 3% per annum (2016: 2.75% to 3.25% per annum)	HK$28 to HK$40 per square feet (2016: HK$28 to HK$40 per square feet)
Shops in HK	2.75% to 3.88% per annum (2016: 3% to 4.5% per annum)	HK$11.5 to HK$240 per square feet (2016: HK$11.5 to HK$240 per square feet)
Retail portion in the PRC	5% to 6.5% per annum (2016: 5% to 6.5% per annum)	Renminbi ("RMB") 37 to RMB212 per square feet (2016: RMB37 to RMB205 per square metre)
Office portion in the PRC	4.5% per annum (2016: 4.5% per annum)	RMB53 per square feet (2016: RMB43 to RMB49 per square metre)
Shops in Australia	4.75% to 10.25% per annum (2016: 5.75% to 10.25% per annum)	Australian Dollar ("A$") 665 to A$2,273 per square feet (2016: A$607 to A$2,273 per square metre)
Carparks in UK	9.27% per annum (2016: Nil)	Great Britain Pound ("GBP") 47,500 per annum (2016: Nil)

Shops in Singapore were valued under direct comparison approach, market unit rate is one of the key inputs. The adopted market unit rate for shops in Singapore is Singapore Dollars ("S$") 42,835 (2016: S$45,016) per square metre. A significant increase in market unit rate would result in a significant increase in the fair value and vice versa.

The key inputs used in valuing the investment properties under development under direct comparison approach were the gross development value and developer's profit. The adopted gross development value is HK$17,300 per square feet increase as at 31 March 2016. During the year, investment properties under development have been completed and transferred to completed investment properties. The key inputs used in valuing the investment properties at the date of transfer under direct comparison approach was market unit rate. The adopted market unit rate is HK$31,300 to 32,600 per square metre.

There has been no other change to the valuation technique during the year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

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16. PROPERTY, PLANT AND EQUIPMENT

	Properties		Leasehold improvements, furniture, fixtures and equipment	Construction-in-progress	Total
	Completed HK$'000	Under development HK$'000	HK$'000	HK$'000	HK$'000
COST					
At 1 April 2015	6,769,696	735,122	1,073,339	24,604	8,602,761
Additions	109,274	308,929	122,568	51,684	592,455
Transfer upon completion of development	–	–	25,368	(25,368)	–
Reclassify from investment properties	84,796	–	–	–	84,796
Disposals	(1,493)	–	(12,246)	–	(13,739)
Exchange alignment	(131,976)	(13,765)	(22,487)	–	(168,228)
At 31 March 2016	6,830,297	1,030,286	1,186,542	50,920	9,098,045
Additions	57,115	330,894	97,944	24,820	510,773
Transfer upon completion of development	550,768	(580,990)	105,962	(75,740)	–
Transfer to investment properties	(15,842)	–	–	–	(15,842)
Transfer to assets held for sales (note 28)	(126,029)	–	(2,967)	–	(128,996)
Disposals	–	–	(12,096)	–	(12,096)
Exchange alignment	(274,381)	(73,547)	(43,966)	–	(391,894)
At 31 March 2017	7,021,928	706,643	1,331,419	–	9,059,990
DEPRECIATION AND IMPAIRMENT					
At 1 April 2015	781,171	–	329,597	–	1,110,768
Provided for the year	180,029	–	125,019	–	305,048
Eliminated on disposals	–	–	(8,255)	–	(8,255)
Exchange alignment	(22,267)	–	(7,731)	–	(29,998)
At 31 March 2016	938,933	–	438,630	–	1,377,563
Provided for the year	185,197	–	128,263	–	313,460
Transfer to investment properties	(3,596)	–	–	–	(3,596)
Transfer to assets held for sales (note 28)	(18,841)	–	(2,069)	–	(20,910)
Eliminated on disposals	–	–	(9,873)	–	(9,873)
Exchange alignment	(59,362)	–	(18,862)	–	(78,224)
At 31 March 2017	1,042,331	–	536,089	–	1,578,420
CARRYING VALUES					
At 31 March 2017	5,979,597	706,643	795,330	–	7,481,570
At 31 March 2016	5,891,364	1,030,286	747,912	50,920	7,720,482

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying amounts of hotels, other properties and car parks shown above comprise:

	2017 HK$'000	2016 HK$'000
Leasehold land and building in HK		
Long leases	407,859	541,038
Medium-term leases	2,969,683	2,923,722
Freehold land and building outside HK	2,284,183	2,238,473
Building on leasehold land outside HK		
Long leases	255,483	353,712
Medium-term leases	769,032	864,705
	6,686,240	6,921,650

Leasehold lands are depreciated over the terms of the lease of land. Completed buildings are depreciated on a straight-line basis over their useful lives ranging from 25 to 50 years or the remaining term of the lease of land of 25 to 65 years, whichever is the shorter. Other items of property, plant and equipment are depreciated on a straight-line basis at the rates of 10% to 20% per annum. No depreciation is provided on freehold land and buildings under development.

The Group is in the process of obtaining the title of certain completed hotel properties located outside Hong Kong with carrying amount of HK$110,173,000 (2016: HK$113,179,000).

Included in leasehold improvements, furniture, fixtures and equipment is an aggregate carrying amount of HK$17,752,000 (2016: HK$8,824,000) in respect of assets held under finance leases.

17. PREPAID LEASE PAYMENTS

	2017 HK$'000	2016 HK$'000
Balance at beginning of the year	537,593	556,995
Amortisation	(10,631)	(11,131)
Exchange alignment	(26,005)	(8,271)
Balance at end of the year	500,957	537,593
The carrying value represents leasehold land outside HK:		
Long-term leases with lease period of 99 years	275,263	287,236
Medium-term leases with lease period of 35 years	225,694	250,357
	500,957	537,593
Analysed for reporting purposes as:		
Non-current asset	486,491	522,412
Current asset	14,466	15,181
	500,957	537,593

18. GOODWILL

Goodwill arose from the acquisition of 73.75% equity interest in certain subsidiaries, which are engaged in car park operations, in previous year.

The management determines that there is no impairment on the carrying amount of the goodwill based on the estimated cash generated from the car park operations in Australia. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-years period, and at a discount rate of 17% (2016: 17%) per annum. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeding its recoverable amount.

19. INTERESTS IN ASSOCIATES

	2017 HK$'000	2016 HK$'000
Unlisted investments, at cost	445,007	108,759
Share of post-acquisition results, net of dividends received	222,409	233,648
	667,416	342,407

Particulars of principal associates, which are incorporated and operating in Hong Kong except otherwise indicated, at the end of the reporting period are as follows:

Name of associate	Class of shares held	Proportion of nominal value of issued capital held by the Company indirectly 2017	2016	Principal activities
Bermuda Investments Limited	Ordinary	25%	25%	Property investment
Cosmopolitan Resort (Zhuji) Limited ("Zhuji")#	N/A	25%	25%	Property development
Kanic Property Management Limited	Ordinary	50%	50%	Building management
Omicron International Limited*	Ordinary	30%	30%	Investment holding
Peacock Estates Limited	Ordinary	25%	25%	Property investment
Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd+	Ordinary	25%	25%	Property development and investment

Sino-foreign joint venture established and operating in the PRC
* Incorporated in British Virgin Islands and operating in HK
+ Incorporated and operating in Australia

The above table lists the associates of the Group which, in the opinion of the Directors of the Company, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

19. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates

Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd ("DBC") is regarded as the material associate of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this associate is set out below and represents amounts shown in the associate's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of DBC for the year ended 31 March 2017 was as follows:

	2017 HK$'000	2016 HK$'000
Current assets	281,721	43,554
Non-current assets	1,299,704	53,478
Current liabilities	(59,303)	(8,080)

	2017 HK$'000	2016 HK$'000
Revenue	–	–
Loss after tax	(11,821)	–
Total comprehensive expense for the year	(11,821)	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2017 HK$'000	2016 HK$'000
Net assets of the associate	1,522,122	88,952
Proportion of the Group's ownership interest in the associate	25%	25%
Carrying amount of the Group's interest in the associate	380,530	22,238

Aggregate information of associates that are not individually material

	2017 HK$'000	2016 HK$'000
The Group's share of (loss) profit after tax	(1,565)	4,546
The Group's share of total comprehensive (expense) income	(1,565)	4,546
Aggregate carrying value of the Group's interest in these associates	286,886	320,169

19. INTERESTS IN ASSOCIATES (continued)

Aggregate information of associates that are not individually material (continued)

The Group has discontinued to recognise its share of losses of certain associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2017 HK$'000	2016 HK$'000
The unrecognised share of losses for the year	(57)	(68)
Cumulative unrecognised share of losses	(50,446)	(50,389)

20. INTERESTS IN JOINT VENTURES

(a) Joint ventures

	2017 HK$'000	2016 HK$'000
Unlisted investments, at cost	356,866	47,166
Share of post-acquisition results, net of dividends/ distributions received	13,529	14,206
Less: Impairment	(16,653)	(20,320)
	353,742	41,052

20. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

Particulars of the Group's principal joint ventures at the end of the reporting period are as follows:

Name of entity	Country of registration/ incorporation and operation	Proportion of paid up capital held by the Company indirectly 2017	2016	Principal activities
Guangdong Xin Shi Dai Real Estate Limited	PRC	**50%**	50%	Property development
Raeon International Limited	HK	**25%**	25%	Real estate agency
Festival Car Park Pty Limited	Australia	**25%**	25%	Carpark operation
CDD International Holdings Limited	HK	**30%**	30%	Creation, marketing, selling and servicing prepaid vacation packages and associated benefits
QWB Residential Precinct Holdings Pty Limited	Australia	**50%**	50%	Property development and investment
Black Capital Finance Pty Limited	Australia	**23.5%**	–	Loan financing
Destination Gold Coast Investments Pty Limited	Australia	**25%**	–	Hotel management

Note: The Group and the other joint venturers are contractually agreed sharing of control and have rights to the net assets of these entities. The decisions about the relevant activities of these entities required unanimous consent of the Group and the other joint venturers. Accordingly, these investments are accounted for as joint ventures.

20. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

Summarised financial information of material joint ventures

QWB Residential Precinct Holdings Pty Limited (the "QWB Residential") is regarded as the material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of QWB Residential for the year ended 31 March 2017 was as follows

	2017 HK$'000	2016 HK$'000
Current assets	36,825	1
Non-current assets	367,947	–
Current liabilities	(19,322)	–
The above amounts of assets include the following:		
Cash and cash equivalents	35,063	–

	2017 HK$'000	2016 HK$'000
Revenue	–	–
Loss after tax	–	–
Total comprehensive expense for the year	–	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2017 HK$'000	2016 HK$'000
Net assets of the joint venture	385,450	1
Proportion of the Group's ownership interest in the joint venture	50%	50%
Carrying amount of the Group's interest in the joint venture	192,725	–

Aggregate information of joint ventures that are not individually material

	2017 HK$'000	2016 HK$'000
The Group's share of profit (loss) after tax	86	(3,114)
The Group's share of total comprehensive income (expense)	86	(3,114)
Aggregate carrying value of the Group's interest in these joint ventures	161,017	41,052

20. INTERESTS IN JOINT VENTURES (continued)

(b) Joint operation

(i) During the year ended 31 March 2015, a subsidiary of the Group as developer (the "Developer") has entered into development agreement ("Agreement") with Urban Renewal Authority ("URA") in form of joint operation to engage in residential/commercial property development and sales in Hong Kong. Under the Agreement, the Developer is mainly responsible for the development of the project. Units in the development will be sold or disposed of by URA in accordance with the terms and conditions of the Agreement and sales proceeds arising therefrom will be distributed between URA and the Developer pursuant to the terms and conditions of the Agreement.

Assets with a carrying value of HK$101,682,000 (2016: HK$79,740,000) recognised in the consolidated financial statements as at 31 March 2017 in relation to the joint operation, representing the upfront payment to URA and development expenditures, and included in properties for development under current assets. Income and expenses of the joint operation for the year are insignificant.

(ii) During the year ended 31 March 2012, the Group entered into an agreement with a related company to jointly develop certain portion of the Group's freehold land with fair value, as agreed between the parties, of Malaysian Ringgit ("MYR") 65,000,000, equivalent to HK$165,000,000. The related company is responsible for the provision of technical, commercial and financial management of the development on the land and marketing the properties on completion of their development and bears all the related cost and expenses of the development. The development activities and the sales of the completed properties are directed by the related company's board of directors, of which the Group and the related company have equal number of representatives throughout the joint operation period. The Group and the related company will share the profit or loss (representing revenue from sale less the fair value of the land, development costs and marketing expenses of the completed properties) from the development on a 50:50 basis.

Assets with a carrying amount of MYR8,800,000, equivalent to HK$15,552,000 (2016: MYR8,800,000, equivalent to HK$17,407,000) are recognised in the consolidated financial statements as at 31 March 2017 in relation to the joint operations, representing the cost of the freehold land and included in properties for development under current assets. Income and expenses of the joint operation for the year are insignificant.

21. INVESTMENT SECURITIES

(a) Available-for-sale investments

	2017 HK$'000	2016 HK$'000
Unlisted:		
Equity securities, at cost	4	4
Club membership, at cost	688	688
	692	692

(b) Financial assets at FVTPL

	2017 HK$'000	2016 HK$'000
Investments held for trading		
Equity securities listed in HK	7,280	5,579
Listed debt securities	713,659	603,599
Unlisted debt securities	137,070	36,441
Investment funds	574,279	548,444
	1,432,288	1,194,063
Financial assets designated at FVTPL		
Structured deposits	33,900	24,000
	1,466,188	1,218,063
Total	1,466,880	1,218,755
Analysed for reporting purposes as:		
Non-current assets	692	692
Current assets	1,466,188	1,218,063
	1,466,880	1,218,755

Investment in investment funds represent pool investments, comprising equity and debts securities in various markets.

22. OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Loans receivable	91,624	93,031
Less: Amount due within one year and shown under current assets	(11,688)	(12,605)
Amount due after one year	79,936	80,426

Loans receivable mainly represented the second mortgage loans with carrying amount of HK$81,447,000 (2016: HK$83,263,000) and secured by the properties of the borrowers. The loans amounting to HK$25,357,000 (2016: HK$29,926,000) bear interest at prime rate minus 1.5% for first two years and prime rate plus 0.5% for the remaining loan period and balance of HK$55,309,000 (2016: HK$51,789,000) are interest-free for the first 3 years and bear interest at prime rate per annum and are repayable by instalment thereafter. The remaining balance of HK$10,958,000 (2016: HK$11,316,000) are secured by the properties of the borrowers, interest-free and repayable on demand.

In determining the recoverability of loans receivable, the Group considers any change in the credit quality of the borrowers and the value of the underlying properties under mortgage. The directors of the Company believe that there is no provision required.

23. PLEDGED DEPOSITS, RESTRICTED BANK DEPOSITS, DEPOSIT IN A FINANCIAL INSTITUTION, BANK BALANCES AND CASH

Pledged deposits included in non-current assets carry interest at rates ranging from 0.00% to 3.21% (2016: 0.00% to 3.21%) per annum. These deposits are pledged to secure bank loans repayable after one year.

The pledged deposits shown under current assets carry interest at market rates ranging from 0.00% to 3.25% (2016: 0.00% to 3.25%) per annum. These deposits, with maturity dates ranging from 1 to 6 months, are pledged to secure bank borrowings repayable within one year.

Restricted bank deposits represent custody deposits paid in banks in relation to certain banking facility arrangements of the Group and deposits can be solely applied for settlement of development cost of designated property projects.

Bank deposits with maturity of less than three months, bank balances and deposit in a financial institution carry interest at market rates ranging from 0.00% to 2.00% (2016: 0.00% to 5.30%) per annum.

24. PROPERTIES FOR SALE

Included in properties for sale are properties with carrying value of HK$6,676,925,000 (2016: HK$6,975,617,000) which are not expected to be realised within the next twelve months.

25. DEBTORS, DEPOSITS AND PREPAYMENTS

	2017 HK$'000	2016 HK$'000
Trade debtors, net of allowance of doubtful debt	97,869	89,851
Advance to contractors	9,524	37,555
Utility and other deposits	65,950	39,620
Prepayment and other receivables	170,298	150,321
Other tax recoverable	31,549	210,057
	375,190	527,404

The following is an aged analysis of trade debtors, net of allowance of doubtful debt, based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition date:

	2017 HK$'000	2016 HK$'000
0–60 days	80,050	70,545
61–90 days	3,966	6,924
Over 90 days	13,853	12,382
	97,869	89,851

Trade debtors aged over 60 days are past due but are not impaired.

Ageing of trade receivables which are past due but not impaired

	2017 HK$'000	2016 HK$'000
1–30 days	3,966	6,924
Over 30 days	13,853	12,382
	17,819	19,306

Trade debtors mainly represent receivables from renting of properties, use of hotel facilities and sales of properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of 14 to 60 days to its corporate customers and travel agents.

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements.

In determining the recoverability of trade debtors, the Group considers the subsequent settlement and any change in the credit quality of the debtors from the date credit was initially granted up to the end of each reporting period. There is no concentration of credit risk due to the large and unrelated customer base. The management believes that there is no further credit provision required in excess of the allowance already made. The Group does not hold any collateral over these balances.

Allowance for doubtful debts on the trade debtors and the movements during the year are as follows:

	2017 HK$'000	2016 HK$'000
Balance at beginning of the year	12,092	11,045
Impairment losses recognised	(1,252)	1,432
Amount written off as uncollectible	(152)	(385)
Balance at end of the year	10,688	12,092

26. DEPOSITS RECEIVABLE FROM STAKEHOLDERS

The amount represents the portion of the sales proceeds that have been settled by the buyers of properties and are being held in the escrow accounts. During the construction period, the amount is earmarked for payment of certain properties under development and repayment of relevant bank loans. The fund are remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
Designated under hedge accounting				
Cash flow hedges – Cross currency swap contracts (Note)	–	–	(119,314)	(76,680)
Designated not under hedge accounting				
Interest rate swap contracts	–	–	(2,996)	(6,888)
Call/put options in unlisted equity securities and foreign currencies	–	–	(684)	–
Forward foreign exchange contracts	67	–	–	(2,016)
Cross currency swap contracts	–	–	(5,496)	–
	67	–	(128,490)	(85,584)
Analysed for reporting purpose as:				
Non-current	–	–	(119,314)	(76,680)
Current	67	–	(9,176)	(8,904)
	67	–	(128,490)	(85,584)

Note: Cross currency swap contracts

As at 31 March 2016 and 2017, the Group has entered into cross currency swap contracts to reduce its exposure to the current exchange rate fluctuation is relation to 2018 Bonds issued by the Group as set out in note 33. Upon issuance of the 2018 Bonds, these cross currency swap contracts were designated as hedging instruments against the variability of cash flows arising from the 2018 Bonds.

Major terms of cross currency swap contracts at 31 March 2017 and 31 March 2016 are set out below:

(i)	Date of contract:	25 March 2013
	Effective date:	3 April 2013
	Notional amount:	RMB476,500,000
	Maturity:	3 April 2018
	Interest payment:	Receive interest at a fixed rate of 6% per annum on the RMB notional amount and pay interest at a fixed rate of 4.97% per annum on US$76,817,669 semi-annually
	Principal exchanged amount:	US$76,817,669
(ii)	Date of contract:	27 March 2013
	Effective date:	3 April 2013
	Notional amount:	RMB333,500,000
	Maturity:	3 April 2018
	Interest payment:	Receive interest at a fixed rate of 6% per annum on the RMB notional amount and pay interest at a fixed rate of 4.95% per annum on US$53,738,318 semi-annually
	Principal exchanged amount:	US$53,738,318

28. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 3 March 2017, the Group entered into a sale and purchase agreement with Golden Wheel Tiandi Holdings Company Limited, an independent third party to the Group, whereby the Group has agreed to sell, and GWTH has agreed to purchase, the entire issued share capital of Double Advance Group Limited ("DAGL"), a wholly owned subsidiary of the Company holding a hotel properties included in the property, plant and equipment. The assets and liabilities of DAGL, which is expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position as at 31 March 2017 (see below). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised. The disposal was completed on 12 May 2017. Details of the transaction are set out in Company's announcements dated 3 March 2017 and 12 May 2017.

As at 31 March 2017, the assets and liabilities of DAGL classified as held for sale are as follows:

	2017 HK$'000	2016 HK$'000
Property, plant and equipment	108,086	–
Debtors, deposits and prepayments	970	–
Other inventories	93	–
Tax recoverable	14	–
Bank balances and cash	114	–
Total assets classified as held for sale	109,277	–
Trade and other payables	394	–
Deferred tax liabilities	3,206	–
Total liabilities associated with assets classified as held for sale	3,600	–

29. CREDITORS AND ACCRUALS

	2017 HK$'000	2016 HK$'000
Trade creditors		
– Construction cost and retention payable	353,878	295,708
– Others	66,636	74,591
	420,514	370,299
Construction cost and retention payable for capital assets	63,033	113,511
Rental and reservation deposits and receipts in advance	39,972	45,879
Other payable and accrued charges	365,887	299,074
	889,406	828,763

29. CREDITORS AND ACCRUALS (continued)

The following is an aged analysis of the trade creditors, based on the invoice date:

	2017 HK$'000	2016 HK$'000
0–60 days	406,662	347,097
61–90 days	2,442	2,851
Over 90 days	11,410	20,351
	420,514	370,299

30. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
Amounts payable under finance leases:				
Within one year	4,365	3,873	3,775	3,468
In more than one year but not more than five years	8,349	5,260	7,594	4,845
	12,714	9,133	11,369	8,313
Less: Future finance charges	(1,345)	(820)	–	–
Present value of lease obligations	11,369	8,313	11,369	8,313
Less: Amount due within one year shown under current liabilities			(3,775)	(3,468)
Amount due after one year			7,594	4,845

It is the Group's policy to lease certain of its motor vehicles and equipment under finance leases. The average lease terms range from 1 to 5 years. The average borrowing rates for the year is 6.51% (2016: 6.35%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's finance lease obligations, determined based on the present value of the estimated future cash flow discounted using the prevailing market rate, at the end of the reporting period approximates to their carrying amount.

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31. BANK BORROWINGS

	2017 HK$'000	2016 HK$'000
Bank loans	10,161,641	10,838,111
Less: front-end fee	(29,956)	(42,141)
	10,131,685	10,795,970
Analysed for reporting purpose as:		
Current liabilities	2,755,293	2,932,693
Non-current liabilities	7,376,392	7,863,277
	10,131,685	10,795,970
Secured	8,411,641	9,088,111
Unsecured	1,750,000	1,750,000
	10,161,641	10,838,111
The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	1,439,712	1,869,535
More than one year, but not exceeding two years	3,669,738	1,694,350
More than two years, but not exceeding five years	4,238,461	6,353,863
More than five years	813,730	920,363
	10,161,641	10,838,111

The carrying amounts of the borrowings include an amount of HK$1,328,767,000 (2016: HK$1,072,508,000) which is not repayable within one year based on scheduled repayment dates has, however, been shown under current liabilities as the counterparties have discretionary rights to demand immediate repayment.

Currencies	Interest rates	2017 HK$'000	2016 HK$'000
HK$	HIBOR plus 1.20% to 3.00% (2016: HIBOR plus 1.55% to 3.00%)	5,397,088	5,719,265
RMB	100% of 1 year PBOC Prescribed Interest rate to 130% of 1 to 3 years PBOC Prescribed Interest Rate (2016: 100% of 1 year PBOC Prescribed Interest Rate to 130% of 1 to 3 years PBOC Prescribed Interest Rate)	894,644	1,111,224
S$	S$ SOR plus 1.10% to 1.20% (2016: S$ SOR plus 1.10% to 1.20%)	2,148,563	2,121,083
MYR	Malaysia BLR minus 1.50% to Malaysia BLR (2016: Malaysia BLR minus 1.50% to Malaysia BLR)	272,037	276,501
A$	Australia BBSW plus 1.40% to 1.65% (2016: Australia BBSW plus 1.40% to 2.50%)	1,033,162	1,235,956
GBP	LIBOR plus 2.80% (2016: LIBOR plus 2.80%)	416,147	374,082
		10,161,641	10,838,111

32. AMOUNT DUE TO A SHAREHOLDER OF A NON-WHOLLY OWNED SUBSIDIARY

The amount represents amount due to a shareholder for financing the property development project in Singapore. The loan is unsecured, interest-free and due to a shareholder of Tang Skyline Pte. Ltd. ("Tang Skyline"), a 70% subsidiary of the Company. In accordance with the contractual terms of the shareholders' agreements signed during the year, the amount is repayable only when Tang Skyline has available cash, which represent cash proceeds receive from the business after payment of operating expenses as provided in the annual budget including but not limited to bank loans and/or other financial institutions which are due for repayment together with the accrued interest. The expected repayment date of the amount due to a shareholder of a non-wholly owned subsidiary is on August 2020 and the difference between the principal amount of the advance and its fair value at initial recognition amounting to HK$19,681,000 has been included in the non-controlling interest as deemed capital contribution arising from interest-free loan advanced by a non-controlling shareholder during the year ended 31 March 2017.

33. NOTES AND BONDS

	2021 Notes HK$'000	2018 Bonds HK$'000	2016 Bonds HK$'000	Total HK$'000
At 1 April 2015	–	1,005,274	1,250,000	2,255,274
Interest charged during the year	–	61,850	65,481	127,331
Interest paid during the year	–	(58,504)	(65,603)	(124,107)
Redemption upon maturity	–	–	(1,248,593)	(1,248,593)
Repurchase during the year	–	(99,074)	–	(99,074)
Exchange realignment	–	(41,263)	(1,285)	(42,548)
At 31 March 2016	–	868,283	–	868,283
Issue of new notes	2,322,000	–	–	2,322,000
Less: Transaction costs directly attributable to issue	(19,231)	–	–	(19,231)
Interest charged during the year	51,488	54,740	–	106,228
Interest paid during the year	(43,547)	(55,363)	–	(98,910)
Exchange realignment	6,000	(48,008)	–	(42,008)
Interest accrual and included in other payable	(5,820)	–	–	(5,820)
At 31 March 2017	2,310,890	819,652	–	3,130,542

2021 Notes

On 8 September 2016, the Company issued notes with aggregate principal amount of United States dollar ("US$") 300,000,000 with maturity date on 8 September 2021 (the "2021 Notes") to independent third party. The 2021 Notes bear interest at 3.75% per annum payable semi-annually. As at 31 March 2017, the aggregate principal amount of the 2021 Notes outstanding was US$300,000,000 (equivalent to HK$2,322,000,000).

33. NOTES AND BONDS (continued)

2018 Bonds

On 3 April 2013, Dorsett issued bonds with aggregate principal amount of RMB850,000,000 (equivalent to HK$1,062,500,000) at the issue price of 100% of the principal amount with maturity date on 3 April 2018 (the "2018 Bonds") to independent third parties. The 2018 Bonds bear interest at 6.17% per annum payable semi-annually. During the year ended 31 March 2016, Dorsett partially repurchased a principal amount of RMB39,660,000 (equivalent to HK$49,972,000). In addition, the Company, through its subsidiary, purchased 2018 Bonds with the principal amount of RMB83,030,000 (equivalent to HK$101,712,000). As at 31 March 2017, the outstanding principal amount of 2018 Bonds was RMB727,310,000 (equivalent to HK$821,860,300).

2016 Bonds

On 4 March 2013, the Company issued bonds with aggregate principal amount of RMB1,000,000,000 (equivalent to HK$1,250,000,000) at the issue price of 100% of the principal amount with a maturity of three years due on 4 March 2016 (the "2016 Bonds") to independent third parties. The 2016 Bonds bore interest at rate of 5.875% per annum payable semi-annually. During the year ended 31 March 2016, the 2016 Bonds were redeemed in full on maturity.

The principal terms of 2021 Notes and 2018 Bonds:

a) Other than during the closed period and subject to the terms of the paying agency agreement in respect of the 2021 Notes and 2018 Bonds, the notes and bonds are transferable without restrictions.

b) Unless previously redeemed or purchased and cancelled, the Company and Dorsett will redeem each 2021 Notes and 2018 Bonds at 100% at its principal amount together with unpaid accrued interest on the maturity date.

c) At any time the Company and Dorsett may, having given not less than 15 nor more than 30 days' notice to the noteholders or 30 nor more than 60 days' notice to the bondholders in accordance with the terms and conditions of the 2021 Notes and 2018 Bonds (which notice shall be irrevocable) redeem all, and not some only, of the 2021 Notes and 2018 Bonds at their principal amount together with interest accrued to the date fixed for redemption on the redemption date as a result of any change in, or amendment to, the applicable tax laws or regulations of the Cayman Islands or Hong Kong.

d) When a change of control occurs with respect to the Company and Dorsett, the noteholder of 2021 Notes and bondholder of 2018 Bonds will have the right at such holder's option, to require the Company and Dorsett to redeem all or some only of that 2021 Notes: at 100% and 2018 Bonds at 101% of their principal amount together with interest accrued to the date fixed for redemption.

e) The 2021 Notes and 2018 Bonds will constitute direct, unsubordinated, unconditional and (subject to the terms and conditions of the 2021 Notes and 2018 Bonds) unsecured obligations of the Company and Dorsett and shall at all times rank pari passu and without any preference or priority among themselves.

Details of the issue of the 2021 Notes and 2018 Bonds were disclosed in Company's circular dated 25 August, 2016 and Dorsett's circular dated 25 March 2013, respectively.

34. DEFERRED TAXATION

The major deferred tax (assets) liabilities recognised by the Group, and movements thereon during the current and prior years are as follows:

	Accelerated tax depreciation HK$'000	Revaluation of investment properties HK$'000	Revaluation of assets HK$'000	Fair value adjustments on business combination HK$'000	Tax losses HK$'000	Others HK$'000 (note)	Total HK$'000
At 1 April 2015	76,160	101,312	61,846	37,996	(29,613)	37,065	284,766
(Credit) charge to profit or loss	(133)	27,892	–	(1,245)	(18,241)	33,934	42,207
Exchange alignment	–	757	(1,120)	–	(4)	332	(35)
At 31 March 2016	76,027	129,961	60,726	36,751	(47,858)	71,331	326,938
Charge (credit) to profit or loss	10,263	20,830	–	(1,245)	(16,801)	25,850	38,897
Transfer to assets held for sales (note 28)	–	(3,206)	–	–	–	–	(3,206)
Exchange alignment	–	71	–	–	–	782	853
At 31 March 2017	86,290	147,656	60,726	35,506	(64,659)	97,963	363,482

note: Others represent the temporary difference arising from the deduction of the interest expenses capitalised in the properties under development for sales of overseas subsidiaries at the development stage.

For the purposes of presentation of the consolidated statement of financial position, certain deferred tax (assets) liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2017 HK$'000	2016 HK$'000
Deferred tax assets	(31,233)	(35,512)
Deferred tax liabilities	394,715	362,450
	363,482	326,938

The Group recognises deferred tax in respect of the change in fair value of the investment properties located in the PRC and Australia, as these properties are held under a business model whose objective is to consume substantially all the economic benefits embodied in these investment properties over the time, i.e. through usage of such properties for rental purpose. No deferred tax recognised in respect of the change in fair value of the investment properties located in Hong Kong and Singapore, as those properties were recovered through sales.

At 31 March 2017, the Group has unused tax losses of HK$1,196,503,000 (2016: HK$1,207,483,000) available to offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK$364,283,000 (2016: HK$289,872,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$832,220,000 (2016: HK$917,611,000) due to the unpredictability of future profit streams.

34. DEFERRED TAXATION (continued)

At 31 March 2017, the Group has deductible temporary difference in relation to accelerated depreciation of property, plant and equipment amounted to HK$289,430,000 (2016: HK$312,808,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Under the relevant tax law of the PRC and Australia, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards and Australia subsidiaries respectively. Deferred tax has not been provided for on the temporary differences attributable to profits of the subsidiaries in the PRC and Australia of HK$2,985,646,000 (2016: HK$2,246,917,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

35. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each	Nominal value HK$'000
Authorised	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2015	1,913,736,798	191,374
Issue of shares in lieu of cash dividends (i)	89,930,960	8,993
Issue upon exercise of share option at HK$2.55 per share	450,000	45
Issue upon exercise of share option at HK$1.50 per share	3,400,000	340
Issue of shares upon privatisation of Dorsett (ii)	153,772,358	15,377
Repurchase of shares (iii)	(29,581,000)	(2,958)
At 31 March 2016	2,131,709,116	213,171
Issue of shares in lieu of cash dividends (iv)	104,061,601	10,406
Issue upon exercise of share option at HK$2.55 per share	2,600,000	260
At 31 March 2017	2,238,370,717	223,837

(i) On 15 February 2016 and 30 November 2015, the Company issued and allotted 12,897,248 and 77,033,712 new fully paid shares at HK$2.884 and HK$2.828 respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2016 interim dividend and 2015 final dividend pursuant to the scrip dividend scheme announced by the Company on 25 November 2015 and 24 June 2015 respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(ii) On 14 October 2015, the Company issued and allotted 153,772,358 new fully paid shares at HK$3.84 amounting to HK$590,486,000 as part of the consideration for the acquisition of the remaining equity interest in Dorsett. The fair value of the share consideration was determined based on the published prices of the Company's share on the respective date of the Stock Exchange.

35. SHARE CAPITAL (continued)

(iii) During the year ended 31 March 2016, the Company, through its subsidiary, repurchased certain of its own shares as follows:

Month of repurchase	No. of ordinary share purchased	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$'000
December 2015	17,581,000	2.95	2.61	49,020
January 2016	12,000,000	2.93	2.58	32,712

The shares were cancelled during the year and accordingly the issued share capital and the share premium was reduced by the nominal value of these shares and the premium paid on repurchase respectively.

(iv) On 13 February 2017 and 14 October 2016, the Company issued and allotted 20,452,621 and 83,608,980 new fully paid shares of HK$0.10 each at HK$3.254 and HK$2.878 respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2017 interim dividend and 2016 final dividend pursuant to the scrip dividend scheme announced by the Company on 23 November 2016 and 23 June 2016 respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

All the shares issued during the two years ended 31 March 2017 rank pari passu in all respects with the existing shares in the Company.

Save as disclosed above, during the year, except the amount disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

36. MAJOR NON-CASH TRANSACTIONS

The Company issued shares in lieu of cash dividend payable to the Company's shareholders totalling HK$307,189,000 (2016: HK$255,056,000).

The Group entered into finance lease arrangements for acquisition of asset with a total capital value at the inception of the leases of HK$7,212,000 (2016: HK$1,882,000).

During the year ended 31 March 2016, the Company issued 153,772,358 new shares amounting to HK$590,486,000 as part of the consideration for the acquisition of the additional interest in Dorsett, as disclosed in Note 35(ii).

37. CHARGE ON ASSETS

Bank borrowing of HK$8,411,641,000 (2016: HK$9,088,111,000) and obligations under finance leases of HK$11,369,000 (2016: HK$8,313,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group and together with a floating charge over other assets of the property owners and benefits accrued to those properties:

	2017 HK$'000	2016 HK$'000
Investment properties	1,811,461	1,720,637
Property, plant and equipment	5,037,296	5,436,245
Prepaid lease payments	497,635	533,080
Properties for sale	5,307,241	5,786,103
Bank deposits	28,957	27,101
	12,682,590	13,503,166

In addition, the shares of certain subsidiaries are pledged as securities to obtain certain banking facilities granted to the Group at the end of the reporting period.

38. CAPITAL COMMITMENTS

	2017 HK$'000	2016 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition, development and refurbishment of hotel properties	1,174,949	318,805
– Others	6,453	33,745
	1,181,402	352,550

39. OPERATING LEASE ARRANGEMENTS

The Group as lessor:

At the end of the reporting period, investment properties and properties for sale with carrying amount of HK$2,784,338,000 (2016: HK$2,578,213,000) and HK$19,722,000 (2016: HK$19,930,000) respectively were let out under operating leases. Gross rental income earned during the year is HK$119,398,000 (2016: HK$126,672,000) of which HK$117,672,000 (2016: HK$122,270,000) was derived from letting of investment properties.

At the end of the reporting period, the Group had contracted with tenants for the future minimum lease payments under non-cancellable operating leases which fall due:

	2017 HK$'000	2016 HK$'000
Within one year	89,686	91,515
In the second to fifth year inclusive	232,584	191,072
More than five years	52,491	75,891
	374,761	358,478

Leases are negotiated and rentals are fixed for terms ranging from one to twenty years (2016: one to twenty years).

39. OPERATING LEASE ARRANGEMENTS (continued)

The Group as lessee:

Minimum lease payments paid under operating leases during the year.

	2017 HK$'000	2016 HK$'000
Premises	359,315	388,284
Equipment	21	21
	359,336	388,305

At the end of the reporting period, the Group had commitments for future minimum lease payments for premises under non-cancellable operating leases which fall due:

	2017 HK$'000	2016 HK$'000
Within one year	54,523	47,983
In the second to fifth year inclusive	108,470	100,391
More than five years	33,840	2,793
	196,833	151,167

Leases are negotiated for an average term of two years and rentals are fixed over the lease period.

40. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) During the year, the Group entered into the following transactions with related parties:

	2017 HK$'000	2016 HK$'000
Provision of building management service by associates	4,340	4,451

Details of the balances with associates, joint ventures, an investee company and a related company as at the end of the reporting period are set out in the consolidated statement of financial position and the relevant notes.

The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

(b) The Group has entered into three hotel management services contracts for the provision of hotel management services to certain companies in Malaysia which are controlled by a director of the Company. During the year ended 31 March 2017, hotel management services income of HK$862,000 (2016: HK$395,000) was received under these contracts.

(c) Remunerations paid and payable to the members of key management, who are the directors and the highest paid non-director individual, during the year are disclosed in note 14.

41. AMOUNTS DUE FROM/TO RELATED PARTIES

The amounts due from/to associates, joint ventures, an investee company, shareholders of non-wholly owned subsidiaries and a related company are set out in the consolidated statement of financial position. The amounts are unsecured, interest-free and either repayable on demand or without fixed terms of repayment. The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

In respect of the amounts classified under non-current assets, the Group does not expect repayment within the next twelve months from the end of the reporting period.

In respect to the amounts classified under non-current liabilities, the Group is not required to settle the balance within twelve months from the end of the reporting period.

Loans to a joint venture with carrying amount of HK$77,313,000 (2016: nil) are secured, bear interest ranging from 5.65% to 7.95% minus 0.75% per annum and are repayable on demand.

42. SHARE OPTION SCHEMES

(a) Share Option Schemes of the Company

On 31 August 2012, the Company adopted a new share option scheme and the old share option scheme of the Company adopted on 28 August 2002 was expired on 28 August 2012 (collectively referred to as the "FECIL Share Option Schemes"). The FECIL Share Option Schemes were approved by the Company for the purpose of providing incentives and rewards to employees or executive or officers (including executive and non-executive directors) of the Company or any of its subsidiaries and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the FECIL Share Option Schemes, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, the total number of shares to be issued under the FECIL Share Option Scheme is not permitted to exceed 10% of the shares of the Company then in issue; and the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

Options granted will be taken up upon payment of HK$1 by the grantee. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the Directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Share options were granted by the Company on 25 August 2006, 8 May 2009 and 27 March 2013, at an initial exercise price at HK$3.290, HK$1.500 and HK$2.550 per share respectively to directors and employees of the Company and its subsidiaries.

At 31 March 2017, the number of options which remained outstanding under the FECIL Share Option Schemes was 12,950,000 (2016: 16,500,000) which, if exercise in full, would represents 0.58% (2016: 0.77%) of the enlarged capital of the Company.

42. SHARE OPTION SCHEMES (continued)

(a) Share Option Schemes of the Company (continued)

Details of options granted are as follows:

Option type	Vesting period	Exercise period	Exercise price HK$
Options granted on 25 August 2006			
Tranche 4	25.8.2006 to 31.12.2008	1.1.2009 to 24.8.2016	3.290
Tranche 5	25.8.2006 to 31.12.2009	1.1.2010 to 24.8.2016	3.290
Options granted on 8 May 2009			
Tranche 3	8.5.2009 to 15.9.2011	16.9.2011 to 15.9.2019	1.500
Tranche 4	8.5.2009 to 15.9.2012	16.9.2012 to 15.9.2019	1.500
Options granted on 27 March 2013			
Tranche 1	27.3.2013 to 28.2.2014	2.3.2014 to 28.2.2020	2.550
Tranche 2	27.3.2013 to 28.2.2015	2.3.2015 to 28.2.2020	2.550
Tranche 3	27.3.2013 to 29.2.2016	2.3.2016 to 28.2.2020	2.550
Tranche 4	27.3.2013 to 28.2.2017	2.3.2017 to 28.2.2020	2.550

The movements in the options granted to employees in aggregate during the two years ended 31 March 2016 and 31 March 2017 are as follows:

Option type	Date of grant	At 1.4.2015	Exercised during the year	At 31.3.2016	Lapsed during the year	Exercised during the year	At 31.3.2017
Tranche 4	25.8.2006	450,000	–	450,000	(450,000)	–	–
Tranche 5	25.8.2006	500,000	–	500,000	(500,000)	–	–
		950,000	–	950,000	(950,000)	–	–
Tranche 3	8.5.2009	1,550,000	(1,550,000)	–	–	–	–
Tranche 4	8.5.2009	1,850,000	(1,850,000)	–	–	–	–
		3,400,000	(3,400,000)	–	–	–	–
Tranche 1	27.3.2013	2,400,000	(450,000)	1,950,000	–	(1,025,000)	925,000
Tranche 2	27.3.2013	3,200,000	–	3,200,000	–	(700,000)	2,500,000
Tranche 3	27.3.2013	4,000,000	–	4,000,000	–	(875,000)	3,125,000
Tranche 4	27.3.2013	6,400,000	–	6,400,000	–	–	6,400,000
		16,000,000	(450,000)	15,550,000	–	(2,600,000)	12,950,000
		20,350,000	(3,850,000)	16,500,000	(950,000)	(2,600,000)	12,950,000
Weighted average exercisable price		2.409	1.623	2.593	–	2.550	2.550
Number of options exercisable at the end of the year		9,950,000		10,100,000			12,950,000

42. SHARE OPTION SCHEMES (continued)

(a) Share Option Schemes of the Company (continued)

Total consideration received by the Group for exercising the options granted amount to approximately HK$6,631,000 (2016: HK$6,248,000).

The weighted average closing price of the Company's share immediately before the date(s) on which the options were exercised is HK$3.31 (2016: HK$3.48).

Total share option expenses in relation to the options granted by the Company recognised during the year amounted to HK$1,344,000 (2016: HK$2,591,000).

(b) Share Option Scheme of Dorsett

On 10 September 2010, a share option scheme of Dorsett (the "Dorsett Share Option Scheme") was approved by Dorsett for the purpose of providing incentives or rewards to directors of the Company and Dorsett and any of their subsidiaries and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters and service providers of any member of the Group who the board of directors of Dorsett considers, in its sole discretion, have contributed or will contribute to the Company and Dorsett or any of its subsidiaries. Under the Dorsett Share Option Scheme, the board of directors of Dorsett may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in Dorsett.

Without prior approval from Dorsett's shareholders, (i) the total number of shares to be issued under the Dorsett Share Option Scheme is not permitted to exceed 10% of the shares of the Dorsett then in issue; (ii) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of Dorsett then in issue.

Options granted will be taken up upon payment of HK$1 as consideration for the grant of option. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options are accepted. The exercise price is determined by the directors of Dorsett, and will not be less than the highest of (i) the closing price of Dorsett's shares on the date of grant, which must be a business day; (ii) the average closing price of Dorsett's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of Dorsett's share.

Details of the share options, which were granted on 11 October 2010 at an exercise price of HK$2.20 per share, to employees are as follows:

Option type	Vesting period	Exercisable period	Exercise price HK$	At 1.4.2015	Cancelled during the year	At 31.3.2016
Tranche 2	11.10.2010 to 10.10.2012	11.10.2012 to 10.10.2015	2.20	3,603,629	(3,603,629)	–
Tranche 3	11.10.2010 to 10.10.2013	11.10.2013 to 10.10.2016	2.20	3,603,629	(3,603,629)	–
Tranche 4	11.10.2010 to 10.10.2014	11.10.2014 to 10.10.2017	2.20	3,603,629	(3,603,629)	–
Tranche 5	11.10.2010 to 10.10.2015	11.10.2015 to 10.10.2018	2.20	3,603,658	(3,603,658)	–
				14,414,545	(14,414,545)	–

42. SHARE OPTION SCHEMES (continued)

(b) Share Option Scheme of Dorsett (continued)

Pursuant to a resolution passed on 21 August 2015, every vested and unvested share options under Dorsett Share Option Scheme was cancelled.

The fair value of the options under FECIL Share Option Schemes and Dorsett Share Option Scheme at the date of grant determined using the Binomial model.

The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

43. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The Group makes defined contributions to the Employees Provident Fund for qualifying employees in Malaysia under which the Group is required to make fixed contributions under the defined contribution plans to separate entities. The Group has no legal or constructive obligations of further contributions to make up any deficiencies of fund assets to cover all employees benefits relating to their services to the Group.

The Group makes defined contribution to the Singapore Central Provident Fund which the Group is required to make a certain percentage of the salaries of the employees in Singapore, whereby the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The Group makes contribution to independent superannuation master funds for employees in Australia, based on a certain percentage of the employee's salaries and wages. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contribution.

The Group operates defined contribution schemes in respect of its employees in the United Kingdom. Contribution are made based on a certain percentage of salaries of the employees in the United Kingdom to the defined contribution scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension costs of the defined contribution schemes represent the contributions accrued to the scheme in respect of the accounting period.

Total retirement benefit expenses charged to profit or loss amounted to HK$45,844,000 in the current year (2016: HK$44,700,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

44. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
FVTPL		
Designated at FVTPL	33,900	24,000
Held for trading	1,432,288	1,194,063
Derivative financial instruments	67	–
Available-for-sale investments	692	692
Loans and receivables (including cash and cash equivalents)	5,123,569	3,722,642
	6,590,516	4,941,397
Financial liabilities		
FVTPL	128,490	85,584
Amortised cost	14,326,302	12,671,923
	14,454,792	12,757,507

b. Financial risk management objectives and policies

Details of the Group's financial instruments are disclosed above and in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates on bank deposits, interest bearing receivables and variable-rate bank and other borrowings. The Group has entered into certain interest rate swaps contracts to mitigate the risk of the fluctuation of interest rate on its future interest payments on the bank borrowings which carry interest at Hong Kong Interbank Offered Rates ("HIBOR"), London Interbank Offered Rate ("LIBOR"), HK$ Prime Lending Rate, People's Bank of China ("PBOC") Prescribed Interest Rate, Singapore Swap Offered Rate ("S$ SOR"), Malaysia Base Lending Rates ("Malaysia BLR") and Australia Bank Bill Swap Reference Rate ("Australia BBSW"). It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section.

Interest rate sensitivity analysis

The sensitivity analysis considers only borrowings which have significant impact on the consolidated financial statements. The analysis is prepared assuming that the borrowings outstanding at the end of the reporting periods were outstanding for the whole year. 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of next reporting period.

If interest rates had been increased/decreased by 50 basis points (2016: 50 basis points) and all other variables were held constant, the Group's profit after tax would decrease/increase by HK$21,783,000 (2016: HK$26,542,000) and the interest capitalised would increase/decrease by HK$23,878,000 (2016: HK$21,279,000).

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

44. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

Certain group entities have transactions denominated in foreign currencies which expose the Group to foreign currency risk. The Group manages the foreign currency risk by entering certain forward foreign exchange contracts closely monitoring the movement of the foreign currency rate.

The carrying amount of the Group's foreign currency denominated monetary items, (other than bonds and derivative financial instruments designated as hedging instruments) at the end of the reporting period are as follows:

	2017 HK$'000	2016 HK$'000
Assets		
A$	135,256	50,036
Japanese Yen ("JPY")	7,105	7,105
RMB	45,478	202,168
US$	9,118	11,077
Euro ("EUR")	11,923	12,170
S$	154,773	33,003
GBP	124,990	133,203

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk is mainly on currencies other than US$ for the individual group entity in Hong Kong since Hong Kong dollars are pegged to US$ under the Linked Exchange Rate System and the management does not expect any significant exposure in relation to the exchange rate fluctuation between HK$ and US$. The following table details the Group's sensitivity to a 10% (2016: 10%) weakening in the HK$ against the relevant foreign currencies other than US$, while all other variables are held constant. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and adjusts their translation at the year end if HK$ weakens 10% against the relevant foreign currency. For a 10% strengthens in HK$ against the relevant foreign currencies, these would be an equal and opposite impact on profit.

	Increase in profit after tax	
	2017 HK$'000	2016 HK$'000
A$	11,294	4,178
JPY	593	593
RMB	3,797	16,881
US$	684	831
EUR	979	1,016
S$	12,924	2,756
GBP	10,437	11,122

In the management's opinion, the sensitivity analysis is unrepresentative of the foreign currency risk as the year end exposure does not reflect the exposure during the year.

44. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Price risk

The Group is exposed to equity price risk and market price risk arising from investment in equity securities and other financial products classified under available-for-sale investments, investment held for trading and derivative financial instruments.

Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If the price of the respective equity securities have been 5% (2016: 5%) higher/lower:

- profit after tax would increase/decrease by HK$61,213,000 (2016: HK$50,854,000) as a result of the changes in fair value of held for trading investments and financial assets designated at fair value through profit or loss.

- investment revaluation reserve would increase/decrease by HK$34,000 (2016: HK$34,000) as a result of the changes in fair value of available-for-sale investments.

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to discharge their obligations in relation to each class of recognised financial asset are the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the credit risk is significant reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers, except for the amounts due from an investee company, associates and joint ventures and other receivables, which in aggregate, constitute over 6% (2016: 8%) of the total financial assets. The Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In determining the recoverability of the amounts due from an investee company, associates and joint ventures, the Group takes into consideration the fair values of the underlying assets of the investee company, associates and joint ventures and the future operation and expected operating cashflows of these investee company, associates and joint ventures. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk for pledged deposits, restricted bank deposits, deposit in a financial institution, time deposits and bank deposits are limited because the counterparties are banks or financial institutions with high credit ratings.

44. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

The Group's liquidity position and its compliance with lending covenants is monitored closely by the management of the Group, to ensure that it maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and long term. The Group finances its working capital requirements through a combination of funds generated from operations and external borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or within one year HK$'000	Over due one to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2017							
Creditors and accruals		766,427	–	–	–	766,427	766,427
Amount due to a related company	N/A	16,815	–	–	–	16,815	16,815
Amounts due to associates	N/A	7,186	–	–	–	7,186	7,186
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	26,907	–	246,740	–	273,647	273,647
Bank borrowings	3.62	3,175,635	4,993,196	3,046,954	347,657	11,563,442	10,131,685
Obligations under finance leases	2.70	4,365	8,349	–	–	12,714	11,369
Notes and bonds	4.40	136,453	1,023,899	2,458,950	–	3,619,302	3,130,542
		4,133,788	6,025,444	5,752,644	347,657	16,259,533	14,337,671

	Weighted average interest rate %	On demand or within one year HK$'000	Over due one to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2016							
Creditors and accruals	N/A	706,401	–	–	–	706,401	706,401
Amount due to a related company	N/A	17,856	–	–	–	17,856	17,856
Amounts due to associates	N/A	8,836	–	–	–	8,836	8,836
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	27,799	246,778	–	–	274,577	274,577
Bank borrowings	3.80	3,351,346	5,498,320	2,569,067	350,283	11,769,016	10,795,970
Obligations under finance leases	2.70	3,873	5,260	–	–	9,133	8,313
Bonds	6.17	52,196	954,107	–	–	1,006,303	868,283
		4,168,307	6,704,465	2,569,067	350,283	13,792,122	12,680,236

44. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Bank borrowings with a repayment on demand clause are included in the "on demand or within one year" time band in the above maturity analysis. As at 31 March 2017 and 31 March 2016, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$1,400,885,000 and HK$1,522,737,000, respectively. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such term loans are expected to be repaid in accordance with the loan repayment schedules which are repayable by yearly instalment up to September 2023 (2016: September 2023). On this basis, the interest and principal cashflows for the variable interest rate instruments would be as follows:

	On demand or within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cashflow HK$'000	Carrying amount HK$'000
At 31 March 2017						
Bank borrowings	**2,109,266**	**5,415,276**	**3,181,224**	**956,333**	**11,662,099**	**10,131,685**
At 31 March 2016						
Bank borrowings	2,278,839	5,923,642	2,705,014	960,006	11,867,501	10,795,970

The cashflows presented above for variable interest rate financial liabilities is subject to change if changes in interest rates differ from those at the end of the reporting period adopted in the above calculation.

c. Fair value measurements of financial instruments

The fair values of the Group's financial assets and financial liabilities excluding certain financial instruments are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Certain financial instruments of the Group are measured at fair values at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

44. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

	Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at 31/3/2017 HK$'000	Fair value as at 31/3/2016 HK$'000	Fair value hierarchy	Valuation technique and key inputs
1)	Listed equity securities classified as financial assets at FVTPL	7,280	5,579	Level 1	Quoted bid prices in an active market
2a)	Listed debt securities classified as financial assets at FVTPL	713,659	603,599	Level 1	Quoted bid prices in an active market
2b)	Unlisted debt securities classified as financial assets at FVTPL	137,070	36,441	Level 2	Discounted cash flows Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter
3)	Investment funds classified as financial assets at FVTPL	574,279	548,444	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds
4)	Structured deposits classified as financial assets at FVTPL	33,900	24,000	Level 3	Discounted cash flows Future cash flows are estimated based on applying the expected yields of money market instruments and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks
5)	Call/put options in unlisted equity securities and foreign currencies classified as derivative financial instruments	Liabilities – (684)	–	Level 2	Discounted cash flows Future cash flows are estimated based on applying the expected yields of foreign currency and equity security by banks and a discount rate that reflects the credit risk of the banks
6)	Forward foreign exchange contracts classified as derivative financial instruments	Asset – 67	Liabilities – (2,016)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties

44. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

	Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at 31/3/2017 HK$'000	Fair value as at 31/3/2016 HK$'000	Fair value hierarchy	Valuation technique and key inputs
7)	Interest rate swap contracts classified as derivative financial instruments	Liabilities – (2,996)	Liabilities – (6,888)	Level 2	Discounted cash flow Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rate, discounted at a rate that reflects the credit risk of various counterparties
8)	Cross currency swap contracts classified as derivative financial instruments designated as hedging instruments	Liabilities – (119,314)	Liabilities – (76,680)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties
9)	Cross currency swap contracts classified as derivative financial instruments	Liabilities – (5,496)	–	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties

There were no transfers between Levels 1, 2 and 3 during the year ended 31 March 2017 and 31 March 2016.

Reconciliation of Level 3 fair value measurements of financial assets

	HK$'000
At 1 April 2015	52,740
Disposal	(28,740)
At 31 March 2016	24,000
Addition	9,900
At 31 March 2017	33,900

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable data under discounted cash flow in respect of structured deposits classified as financial assets at fair value through profit or loss, as the management considers that the exposure is insignificant to the Group.

45. EVENT AFTER THE REPORTING PERIOD

On 3 March 2017, the Group entered into a sale and purchase agreement to disposal of the entire equity interest in a wholly-owned subsidiary, which hold hotel property in HK. The Company is in the process of finalising the financial impacts of the disposal and it is impracticable to disclose the impact on the consolidated financial statements. Details of the transaction is set out in note 28 to the consolidated financial statements.

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017 HK$'000	2016 HK$'000
Non-current Assets		
Investment in subsidiaries	1,210,284	1,210,284
Amounts due from subsidiaries	6,939,273	4,392,727
	8,149,557	5,603,011
Current Assets		
Bank balances, deposits and cash	14,028	88,176
	14,028	88,176
Current Liabilities		
Creditors and accrued charges	11,592	5,684
Bank borrowings	140,000	165,547
	151,592	171,231
Net Current Liabilities	(137,564)	(83,055)
Total Assets Less Current Liabilities	8,011,993	5,519,956
Capital and Reserves		
Share capital	223,837	213,171
Share premium	4,033,779	3,730,625
Reserves	686,075	970,782
	4,943,691	4,914,578
Non-current Liabilities		
Loans from a subsidiary	734,500	600,000
Amounts due to a subsidiary	22,659	5,125
Notes	2,310,890	–
Deferred tax liabilities	253	253
	3,068,302	605,378
	8,011,993	5,519,956

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

The movement of equity is as follows:

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	Other reserve HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2015	191,374	2,982,364	25,500	24,722	637,689	(28,893)	647,952	4,480,708
Loss for the year	–	–	–	–	–	–	(25,085)	(25,085)
Fair value adjustments on cross currency swap contracts designated as cash flows hedges	–	–	–	–	–	(14,839)	–	(14,839)
Reclassification from hedging reserve to profit and loss	–	–	–	–	–	43,732	–	43,732
Total comprehensive income (expense) for the year	–	–	–	–	–	28,893	(25,085)	3,808
Dividends	–	–	–	–	–	–	(333,728)	(333,728)
Share issued in lieu of cash dividend	8,993	246,063	–	–	–	–	–	255,056
Acquisition of remaining interests in Dorsett	15,377	575,109	–	–	(8,859)	–	–	581,627
Shares issued upon exercise of share options	385	5,863	–	–	–	–	–	6,248
Repurchases of shares	(2,958)	(78,774)	2,958	–	–	–	(2,958)	(81,732)
Recognition of equity-settled share-based payments expenses	–	–	–	2,591	–	–	–	2,591
At 31 March 2016	213,171	3,730,625	28,458	27,313	628,830	–	286,181	4,914,578
Profit and other comprehensive income for the year	–	–	–	–	–	–	68,698	68,698
Dividends	–	–	–	–	–	–	(354,749)	(354,749)
Share issued in lieu of cash dividend	10,406	296,783	–	–	–	–	–	307,189
Shares issued upon exercise of share options	260	6,371	–	–	–	–	–	6,631
Recognition of equity-settled share-based payment expenses	–	–	–	1,344	–	–	–	1,344
Lapse of share options	–	–	–	(3,203)	–	–	3,203	–
At 31 March 2017	223,837	4,033,779	28,458	25,454	628,830	–	3,333	4,943,691

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the year are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2017	2016	
Direct subsidiaries					
Ample Bonus Limited	BVI/HK	101 shares of US$1	100	100	Investment holding
Pacific Growing Limited	HK	1 share of HK$1	100	100	Investment holding
The Fifth Apartments Pty Ltd	Australia	1 share of A$1	100	100	Property development
Indirect subsidiaries					
124 York Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	76.05	Car park operation
13 Roper Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	76.05	Car park operation
13 Roper Street Trust	Australia	N/A	77.75	76.05	Car park operation
19 Bank Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	76.05	Car park operation
19 Bank Street Trust	Australia	N/A	77.75	76.05	Car park operation
344 Queen Car Park Pty Ltd	Australia	10,000 shares of A$121.78	77.75	76.05	Car park operation
344 Queen Car Park Trust	Australia	N/A	77.75	76.05	Car park operation
94 York Street Trust	Australia	N/A	77.75	76.05	Car park operation
Accessway Profits Limited	BVI/HK	1 share of US$1	100	100	Investment holding
All Greatness Limited	BVI/HK	1 share of US$1	100	100	Property development
Angel Meadows (FEC) Limited	United Kingdom	100 shares of £1	100	–	Property development
Annick Investment Limited	HK	2 shares of HK$1	100	100	Property investment
Apex Path Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Arvel Company Limited	HK	10,000 shares of HK$1	100	100	Property investment
Australian Property Management Pty Ltd	Australia	1 share of A$1	77.75	76.05	Car park operation
Ballarat Central Car Park Pty Ltd	Australia	1,000 shares of A$121.78	77.75	76.05	Car park operation
Best Hoover Limited	HK	1 share of HK$1	100	100	Property investment
Black Capital Finance Services Pty Ltd	Australia	125,000 shares of A$1	60	–	Loan financing
Boundary Farm Car Park Ltd	BVI	2 shares of US$1	88.85	–	Car park operation
Bournemouth Estates Limited	HK	2 shares of HK$10	100	100	Property development
Bravo Trade Holdings Limited	BVI/HK	1 share of US$1	100	100	Property development
Bryce International Limited	BVI	100 shares of US$1	100	100	Investment holding
Capital Fortune Investment Limited	HK	2 shares of HK$1	100	100	Investment holding
Care Park (Albert Street) Pty Ltd	Australia	1,000 shares of A$121.78	77.75	76.05	Car park operation
Care Park Finance Pty Ltd	Australia	1,000 shares of A$121.78	77.75	76.05	Car park operation

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2017	2016	
Care Park Holdings Pty Ltd	Australia	1,000 shares of A$121.78	77.75	76.05	Investment holding
Care Park Properties Pty Ltd	Australia	1,000 shares of A$121.78	77.75	76.05	Investment holding
Care Park Group Pty Ltd	Australia	1,000 shares of A$121.78	77.75	76.05	Car park operation
Carterking Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Cathay Motion Picture Studios Limited	HK	10,000 shares of HK$1	100	100	Property investment
Charter Joy Limited	HK	2 shares of HK$1	100	100	Hotel operation
Charter National International Limited	HK	2 shares of HK$1	100	100	Property development
Cheong Sing Property Development Limited	HK	500 shares of HK$100	100	100	Property development
Ching Chu (Shanghai) Real Estate Development Company Limited (i)	PRC	Registered and paid up capital of US$8,800,000	100	100	Hotel management
Chun Wah Holdings Limited	HK	200 shares of HK$1	100	100	Property development
City Sight Limited	HK	1 share of HK$1	100	100	Loan financing
Complete Delight Limited	BVI/HK	1 share of US$1	100	100	Hotel operation
Cosmopolitan Hotel Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Crouch End (FEC) Limited	United Kingdom	1 share of £1	100	–	Property development
Dorsett Bukit Bintang Sdn. Bhd.	Malaysia	2 shares of MYR1		100	Property development
Dorsett Hospitality International Limited	Cayman	2,100,626,650 shares of HK$0.1	100	100	Investment holding
Dorsett Hospitality International (M) Sdn Bhd	Malaysia	2 shares of MYR2	100	100	Investment holding
Dorsett Hospitality International (Singapore) Pte. Limited	Singapore	1 share of S$1	100	100	Hotel management and consultancy service
Dorsett Hospitality International Services Limited	HK	2 shares of HK$1	100	100	Hotel management
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000 shares of MYR1	100	100	Hotel operation
Double Advance Group Limited	BVI/HK	1 share of US$1	100	100	Hotel operation
Drakar Limited	Isle of Man/ United Kingdom	1 share of £1	100	100	Property development
Dunjoy Limited	HK	2 shares of HK$1	100	100	Investment holding
E-Cash Ventures Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Esmart Management Limited	HK	2 shares of HK$1	100	100	Hotel management

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2017	2016	
Everkent Development Limited	HK	2 shares of HK$1	100	100	Hotel operation
Expert Vision Trading Limited	BVI	1 share of US$1	100	100	Investment holding
Far East Consortium (Australia) Pty Ltd.	Australia	2 shares of A$1	100	100	Property development
Far East Consortium (B.V.I.) Limited	BVI/HK	50,000 shares of US$1	100	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	The Netherlands	6,000 shares of US$1	100	100	Investment holding
Far East Consortium China Infrastructure Company Limited	HK	2 shares of HK$1	100	100	Investment holding
Far East Consortium China Investments Limited	HK	6,000 shares of HK$100	100	100	Investment holding
Far East Consortium Holdings (Australia) Pty Limited	Australia	12 shares of A$1 235 redeemable preference shares of A$42.55	100	100	Investment holding
Far East Consortium Limited	HK	830,650,000 shares of HK$1	100	100	Investment holding and property investment
Far East Consortium Properties Pty Limited	Australia	12 shares of A$1 225 redeemable preference shares of A$44.44	100 100	100 100	Investment holding and property investment
Far East Consortium Real Estate Agency Limited	HK	1 share of HK$1	100	100	Sales agency service
Far East Real Estate and Agency (H.K.) Limited	HK	60,000 shares of HK$100	100	100	Investment holding and loan financing
Far East Rockman Hotels (Australia) Pty Limited	Australia	12 shares of A$1 375 redeemable preference shares of A$10,000	100 100	100 100	Investment holding
FEC Care Park Holdings (Australia) Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FEC Care Park Pte Ltd	Singapore	1 share of S$1	100	100	Investment holding
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Investment holding
FEC Financing Solutions Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FEC QWB Integrated Resort Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
FEC Suites Pte. Ltd. (Formly known as Tang Suites Pte. Ltd.)	Singapore	1 share of S$1	100	100	Property development
FEC Strategic Investments (Netherlands) B.V.	The Netherlands	120,000 shares of DFL1	100	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2017	2016	
FECFW 1 Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FECFW 2 Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
Ficon Roper Street Trust	Australia	N/A	77.75	76.05	Car park operation
Fortune Plus (M) Sdn. Bhd.	Malaysia	935,000 shares of MYR1	100	100	Property investment
Garden Resort Development Limited	HK	100 shares of HK$1	100	100	Property development
Gold Prime Group Limited	BVI	1 share of US$1	100	100	Investment holding
Grand Expert Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Hong Kong Hotel REIT Finance Company Limited	HK	1 share of HK$1	100	100	Loan financing
Jarton Limited	HK	1 share of HK$1	100	100	Property development
Kuala Lumpur Land Holdings Limited	Jersey/HK	100 shares £1	100	100	Investment holding
Launceston York Car Park Trust	Australia	N/A	77.75	76.05	Car park operation
Madison Lighters and Watches Company Limited	HK	4 shares HK$1	100	100	Investment holding
FEC Development Management Limited (Formerly Marsh Wall Residences Limited)	United Kingdom	1 share of £1	100	100	Property development
Mass Perfect Limited	HK	1 share of HK$1	100	100	Investment holding
May21 Pty Ltd.	Australia	1 share of A$1	100	100	Property development
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000 MYR1	100	100	Hotel operation
Midtown at Upper West Side Pty Ltd	Australia	2 shares of A$1	100	100	Investment holding
Multi Yield (HK) Limited	HK	1 share of HK$1	100	100	Property investment
N.T. Horizon Realty (Jordan) Limited	HK	2 shares of HK$100	100	100	Property investment
New Time Plaza Development Limited	HK	1,000 shares of HK$1	100	100	Investment holding
New Union Investments (China) Limited	HK	300 shares of HK$1	100	100	Investment holding
Novel Orient Investments Limited	HK	1 share of HK$1	100	100	Hotel operation
Panley Limited	HK	1 share of HK$1	100	100	Hotel operation
Peacock Management Services Limited	HK	2 shares of HK$1	100	100	Administration services
Polyland Development Limited	HK	2 shares of HK$1	100	100	Property development
Quadrant Plaza Pty Ltd	Australia	N/A	77.75	76.05	Car park operation
Quadrant Plaza Unit Trust	Australia	N/A	77.75	76.05	Car park operation
Queens Wharf Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Regency Hotels Proprietary Limited	Australia	100 shares of A$1	100	100	Investment holding
Richfull International Investment Limited	HK	1 share of HK$1	100	100	Bar operation

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2017	2016	Principal activities
Roper Debt Pty Ltd	Australia	N/A	77.75	76.05	Car park operation
Roper Street Car Park Pty Ltd	Australia	N/A	77.75	76.05	Car park operation
Roper Street Car Park Unit Trust	Australia	N/A	77.75	76.05	Car park operation
Ruby Way Limited	HK	2 shares of HK$1	100	100	Hotel operation
Scarborough Development Limited	HK	2 shares of HK$1	100	100	Property investment
Shanghai Chingchu Property Development Company Limited (ii)	PRC	Registered and paid up capital of US$35,000,000	98.2	98.2	Property development and investment
Shepparton Car Park Pty Ltd	Australia	10,050 shares of A$0.17093	77.75	76.05	Car park operation
Shepparton Car Park Trust	Australia	N/A	77.75	76.05	Car park operation
Singford Holdings Limited	BVI/HK	1 share of US$1	100	100	Treasury management
Spencer Green Pty Ltd	Australia	1 share of A$1	100	100	Property development
Star Bridge Development Limited	HK	2 shares of HK$1	100	100	Investment holding
Subang Jaya Hotel Development Sdn Bhd.	Malaysia	245,000,000 shares of MYR1	100	100	Hotel operation
Success Range Sdn. Bhd.	Malaysia	250,000 shares of MYR1	100	100	Hotel operation
Tang City Holdings Pte. Ltd.	Singapore	1,000,000 shares of S$1	100	100	Investment holding
Tang Hotel Investments Pte. Ltd.	Singapore	2 shares of S$1	100	100	Investment holding and property development
Tang Skyline Pte. Ltd	Singapore	4,000,000 shares of S$1	70	70	Property development
Target Term Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Car park operation
Tantix Limited	HK	1 share of HK$1	100	100	Property development
Teampearl Company Limited	HK	5,001 A shares of HK$1 4,999 B shares of HK$1	100	100	Property investment
The Hotel of Lan Kwai Fong Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Tracia Limited	Isle of Man/ United Kingdom	1 share of £1	100	100	Investment holding
Venue Summit Sdn. Bhd.	Malaysia	250,000 shares of MYR1	100	100	Hotel operation
Victoria Land Pty Limited	Australia	12 shares of A$1	100	100	Management services
Well Distinct Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Zhongshan Developments Limited	BVI/HK	1 share of US$1	100	100	Investment holding

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2017	2016	
武漢港澳中心物業管理有限公司(iii)	PRC	Registered and paid up capital of RMB500,000	100	100	Property management
武漢遠東帝豪酒店管理有限公司(i)	PRC	Registered and paid up capital US$29,800,000	100	100	Hotel operation
遠東帝豪酒店管理(成都)有限公司(i)	PRC	Registered and paid up capital US$38,000,000	100	100	Property development
上海帝盛酒店有限公司(iii)	PRC	Registered and paid up capital RMB500,000	100	100	Hotel operation

(i) Foreign investment enterprise registered in the PRC.
(ii) Sino-foreign equity joint venture registered in the PRC.
(iii) Domestic wholly owned enterprise registered in the PRC.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year except for Dorsett has issued 2018 Bonds as disclosed in note 33.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
Individually immaterial subsidiaries with non-controlling interests	N/A	N/A	N/A	–	–	151,913	127,123
Dorsett Hospitality International Limited	Cayman Islands/HK	–	–	–	(24,321)	–	–
						151,913	127,123

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activity of these subsidiaries are summarised as follows:

Principal activity	Principal place of business	Number of subsidiaries	
		2017	2016
Inactive	Canada	**1**	1
	HK	**35**	36
	Macau	**1**	1
	Malaysia	**4**	3
	PRC	**4**	4
	Singapore	**5**	5
	UK	**7**	6
		57	56

LIST OF PRINCIPAL PROPERTIES

PROPERTY DEVELOPMENT/INVESTMENT PROPERTY

Codes of "Types of Property":

O — Office
S — Shops
H — Hotel
F — Ancillary Facilities
R — Residential
CP — Car Park
A — Agricultural

Name of property and location	Group's interest
Shanghai	
1. 133 units of shoplots in Qiu Xintiandi Lane 809 Jinqiu Road, Baoshan District	98.2%
2. Jinqiu School, Club House, Kindergarten and Ancillary portion of Area 17I California Garden, Jinqiu Road, Baoshan District	98.2%
3. 306 car parking bays California Garden, Jinqiu Road, Baoshan District	98.2%
4. King's Manor Area 16 (remaining), California Garden, Jinqiu Road, Baoshan District	98.2%
5. The Royal Crest II Area 17 II, California Garden, Jinqiu Road, Baoshan District	98.2%
6. Area 12 to 15 and 18, California Garden, Jinqiu Road, Baoshan District	98.2%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
23,446	S	Completed	Existing
21,942	F	Completed	Existing
12,563	CP	Completed	Existing
7,171	R	Completed	Existing
24,084	R	Under construction	2018
—	R	Planning stage	N/A

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
Guangzhou		
1.	New Time Plaza Jian SheHeng Road Yue Xiu District	50%
2.	Gan Tang Yuan Huadidadao East Li Wan District	100%
3.	Royal Riverside 10 Miaoqianjie North, Chajiao Li Wan District	100%
Hong Kong		
1.	Star Ruby Ground and 1st Floors, No. 1 San Wai Street Hung Hom	100%
2.	16th, 18th, 19th, 20th and 24th Floors, (including lavatories on 16th, 18th, 19th, 20th and 24th Floors Flat Roof on 24th Floor), Far East Consortium Building 121 Des Voeux Road Central	100%
3.	Far East Consortium Building 204–206 Nathan Road Tsim Sha Tsui	100%
4.	Fung Lok Wai, Yuen Long	25.33%
5.	Various shops on LG/F and UG/F Tsuen Wan Gardens Phase 1 15–23 Castle Peak Road Tsuen Wan	100%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
21,343	R	Foundation	N/A
47,080	R	Planning stage	N/A
96,652	R & S	Under construction	2018/2019
1,230	S	Completed	Existing
2,474	O	Completed	Existing
3,549	S & O	Completed	Existing
—	R	Planning stage	N/A
3,822	S	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location	Group's interest
6. Route TWISK, Chuen Lung Tsuen Wan	100%
7. Tan Kwai Tsuen, Yuen Long	100%
8. Various lots, Pak Kong Sai Kung	100%
9. Yau Kam Tau,Tsuen Wan	100%
10. Basement to 5th Floor Nos. 135–143, Castle Peak Road Tsuen Wan	100%
11. Aspen Crest Nos. 68–86A Wan Fung Street Wong Tai Sin, Kowloon	100%
12. Mei Tin Road, Tai Wai, Shatin New Territories	100%
13. Marin Point No. 31 Shun Lung Street Sha Tau Kok, New Territories	100%
14. No. 229A–G Hai Tan Street, Sham Shui Po, Kowloon [ii]	100%
15. Tai Po Road Sha Tin Heights Sha Tin, New Territories	100%

Notes:

(i) Subject to planning permit approval.

(ii) A development project of Urban Renewal Authority, the Company has the development right of this project.

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
5,400	R	Planning stage	N/A
4,692	R	Under construction	2019
—	A	Planning stage	N/A
—	A	Planning stage	N/A
3,562	S & O	Completed	Existing
6,885	S & R	Under construction	2019
3,559[i]	S & R	Under construction	2019/2020
9,570	S & R	Under construction	2019
2,959	S & R	Under construction	2019/2020
6,503	R	Planning stage	N/A

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
Australia		
1.	Upper West Side 313–349 Lonsdale Street Melbourne, Victoria	100%
2.	The FIFTH Apartments 605–611 Lonsdale Street Melbourne, Victoria	100%
3.	The Towers at Elizabeth Quay Edge of CBD and Swan River along the Eastern Promenade on Barrack Street, Perth, Western Australia	100%
4.	West Side Place 244-276 Spencer Street Melbourne, Victoria	100%
5.	Citylink Lot 2 and Lot 3A Wellington Street and Milligan Street, Perth, Western Australia	100%
6.	Brisbane Queen's Wharf Tower 4 Tower 5 Tower 6	 50% 50% 50%
7.	The Star Gold Coast Casino Drive, Broadbeach Island, Broadbeach, Queensland	33.3%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
2,717	R & S	Completed	Existing
27,081	R & S	Under construction	2018
29,385	R	Under construction	2019
239,038	R, S & H	Planning stage	2020/2021 and onwards
35,697	R, S & H	Planning stage	N/A
171,300	R R R	Planning stage Planning stage Planning stage	2022 to 2024
82,855	R, S & H	Planning stage	N/A

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
Malaysia		
1.	Mukim of Kerling District of Hulu Selangor Selangor Darul Ehsan	90%
2.	Dorsett Bukit Bintang Lot 470, Jalan Imbi Kuala Lumpur	100%
Singapore		
1.	ARTRA 10 Alexandra View	70%
U.K.		
1.	Alpha Square 63–69 Manilla Street & 50 Marsh Wall London E14	100%
2.	Hornsey Town Hall the Broad Way, London	100%
3.	Angel Meadow at NOMA Angel Meadows, Aspin Lane, Manchester	100%
4.	Northern Gateway [ii] New Cross, Lower Irk Valley and Collyhurst, Manchester	100%

(i) This represents site area.

(ii) Acquired after FY2017.

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
422,907[i]	A	Planning stage	N/A
20,000	R	Under construction	2017
41,153	S & R	Under construction	2020
35,000	R	Planning stage	N/A
9,476	R, O & H	Planning stage	N/A
51,189	S & R	Planning stage	2020/2021
139,353	Planning	Planning stage	N/A

LIST OF PRINCIPAL PROPERTIES

HOTEL

Name of property and location		Group's interest
Hong Kong		
1.	Dorsett Wanchai, Hong Kong (formerly Cosmopolitan Hotel Hong Kong) Nos. 387–397 Queen's Road East Wan Chai	100%
2.	Silka West Kowloon, Hong Kong [i] No. 48 Anchor Street Tai Kok Tsui	100%
3.	Cosmo Hotel Hong Kong Nos. 375–377 Queen's Road East Wan Chai	100%
4.	Lan Kwai Fong Hotel@Kau U Fong No. 3 Kau U Fong Central	100%
5.	Silka Far East, Hong Kong Nos. 135–143 Castle Peak Road Tsuen Wan	100%
6.	Silka Seaview, Hong Kong No. 268 Shanghai Street Yau Ma Tei	100%
7.	Dorsett Mongkok, Hong Kong No. 88 Tai Kok Tsui Road Tai Kok Tsui	100%
8.	Dorsett Kwun Tong, Hong Kong No. 84 Hung To Road Kwun Tong	100%
9.	Dorsett Tsuen Wan, Hong Kong No.28 Kin Chuen Street Kwai Chung	100%
10.	Silka Tsuen Wan, Hong Kong No. 119 Wo Yi Hop Road Kwai Chung	100%

Note :

(i) Completion of disposal after FY2017.

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
15,895	H	Completed	Existing
3,210	H	Completed	Existing
5,546	H	Completed	Existing
5,646	H	Completed	Existing
5,180	H	Completed	Existing
6,065	H	Completed	Existing
6,225	H	Completed	Existing
11,147	H	Completed	Existing
21,467	H	Completed	Existing
12,688	H	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
China		
1.	Dorsett Grand Chengdu No. 168 Xiyulong Street Qingyang District Chengdu Sichuan Province	100%
2.	Dorsett Wuhan No. 118 Jianghan Road Hong Kong & Macao Centre Hankou Wuhan Hubei Province	100%
3.	Dorsett Shanghai No. 800 Hua Mu Road Pudong New Area Shanghai	100%
4.	Dorsett Zhongshan No. 107 Zhongshan Yi Road West District Zhongshan Guangdong Province	100%
5.	Lushan Resort Wenguan Zhen Xingzi Xian Jiujiang City Jiangxi Province	100%
Overseas		
1.	Dorsett Kuala Lumpur 172, Jalan lmbi 55100 Kuala Lumpur Malaysia	100%
2.	Dorsett Grand Subang Jalan SS 12/1, 47500 Subang Jaya Selangor Darul Ehsan Malaysia	100%

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
67,617	H	Completed	Existing
67,307	H	Completed	Existing
18,149	H	Completed	Existing
42,635	H	Under development	2020
35,220	H	Completed	Existing
27,753	H	Completed	Existing
43,264	H	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
3.	Dorsett Grand Labuan 462, Jalan Merdeka, 87029 Federal Territory of Labuan Malaysia	100%
4.	Silka Maytower Kuala Lumpur No 7 Jalan Munshi Abdullah 50100 Kuala Lumpur Malaysia	100%
5.	Silka Johor Bahru Lot 101375 Jalan Masai Lama Mukim Plentong 81750 Johor Malaysia	100%
6.	Sri Jati Jalan Jati, Off Jalan Imbi, 55100, Kuala Lumpur, Malaysia	100%
7.	Dorsett Singapore 333 New Bridge Road 088 765 Singapore	100%
8.	Dorsett Shepherds Bush, London 58 Shepherd's Bush Green London E12 8WE, UK	100%
9.	Dorsett City, London 9 Aldgate High Street London EC3N 1AH, UK	100%
10.	Dorsett Shepherds Bush 2, London 56 Shepherd's Bush Green London, UK	100%
11.	Alpha Square Canary Wharf, E14 London E14, UK	100%
12.	Ritz-Carlton Tower 1, West Side Place, Melbourne Australia	100%
13.	Ritz-Carlton Elizabeth Quay, Perth Australia	100%
14.	4 Hotels in Queen's Wharf Brisbane Australia	25%
15.	Sheraton Mirage Resort 71 Sea World Drive, Main Beach, Gold Coast, Queensland	25%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
21,565	H	Completed	Existing
5,623	H	Completed	Existing
8,804	H	Completed	Existing
5,349	H	Under development	2018
16,226	H	Completed	Existing
14,651	H	Completed	Existing
9,647	H	Under development	2018
4,570	H	Planning stage	2019
45,747	H & R	Under development	N/A
35,360	H	Under development	2021
–	H	Under development	2020
89,130	H	Under development	2022
58,847	H	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

CAR PARK PROPERTY

Name of property and location		Group's interest
Australia		
1.	12 Blyth Street/13–19 Bank Street Adelaide, South Australia Australia	77.75%
2.	12 Blyth Street/13–19 Bank Street Adelaide, South Australia Australia	77.75%
3.	Central Square 1 Dana Street Ballarat, Victoria Australia	77.75%
4.	Fenton Street Devonport, Tasmania Australia	77.75%
5.	Gasworks Willis Street Launceston, Tasmania Australia	77.75%
6.	Hub Arcade 15–23 Langhorne Street Dandenong, Victoria Australia	77.75%
7.	133 Melville Street Hobart, Tasmania Australia	77.75%
8.	2–6 Mundy Street Bendigo, Victoria Australia	77.75%
9.	Northbank Place 507–581 Flinders Street Melbourne, Victoria Australia	77.75%

Site area or no. of car parking bay	Types of property	Stage of completion	Expected completion (financial year)
350 car parking bays	CP	Completed	Existing
1,679 m^2	S	Completed	Existing
634 car parking bays	CP	Completed	Existing
26 car parking bays	CP	Completed	Existing
40 car parking bays	CP	Completed	Existing
189 car parking bays	CP	Completed	Existing
40 car parking bays	CP	Completed	Existing
44 car parking bays	CP	Completed	Existing
200 car parking bays	CP	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location	Group's interest
10. Quadrant Plaza 94 York Street Launceston, Tasmania Australia	77.75%
11. Dell Lane 94 York Street Launceston, Tasmania	77.75%
12. Quadrant Plaza 94 York Street Launceston, Tasmania Australia	77.75%
13. 344 Queen Street Brisbane, Queensland Australia	77.75%
14. 15 Roper Street Adelaide, South Australia Australia	77.75%
15. 14 Stewart Street Shepparton, Victoria Australia	77.75%
16. 360 St Kilda Road Melbourne, Victoria Australia	77.75%
17. Toorak Place 521 Toorak Road Toorat, Victoria Australia	77.75%
18. 9–23 Watchorn Street Hobart, Tasmania Australia	77.75%

LIST OF PRINCIPAL PROPERTIES

Site area or no. of car parking bay	Types of property	Stage of completion	Expected completion (financial year)
369 car parking bays	CP	Completed	Existing
266	CP	Completed	Existing
1,690 m^2	S	Completed	Existing
51 car parking bays	CP	Completed	Existing
715 car parking bays	CP	Completed	Existing
335 car parking bays	CP	Completed	Existing
180 car parking bays	CP	Completed	Existing
48 car parking bays	CP	Completed	Existing
35 car parking bays	CP	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location	Group's interest
19. Watergate 767 Bourke Street Docklands, Victoria Australia	77.75%
20. York Street Central 124 York Street Launceston, Tasmania Australia	77.75%
21. 109, 8-9 Yarra Street, South Yarra, Victoria Australia	77.75%
22. Festival Car Park 45 Charlotte Street Brisbane, Australia	19.44%
23. Eden 677 Victoria Street Abbotsford, Victoria, Australia	77.75%
24. Chatswood 20 Endeavour Street Chatswood, New South Wales, Australia	77.75%
25. Bianca 120 Bay Street, Port Melbourne, Victoria, Australia	77.75%

LIST OF PRINCIPAL PROPERTIES

Site area or no. of car parking bay	Types of property	Stage of completion	Expected completion (financial year)
111 car parking bays	CP	Completed	Existing
50 car parking bays	CP	Completed	Existing
100 car parking bays	CP	Completed	Existing
383 car parking bays	CP	Completed	Existing
121 car parking bays	CP	Completed	Existing
250 car parking bays	CP	Completed	Existing
141 car parking bays	CP	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location	Group's interest
Malaysia	
1. Plaza Damas, Sri Hartamas Kuala Lumpur Malaysia (Basement car park)	100%
2. Windsor Tower Service Apartments, Sri Hartamas Kuala Lumpur, Malaysia	100%
New Zealand	
1. Knox Street, 41 Hood Street, Hamilton	77.75%
2. 16 Mowbray Street, Wellington	77.75%
3. 70 Tory Street Wellington	77.75%
U.K.	
1. Car Park at Manchester Airport Boundary Farm, Styal Road, Manchester M22 5YA	88.88%

Site area/ no. of car parking bay	Types of property	Stage of completion	Expected completion (financial year)
1,718 car parking bays	CP	Completed	Existing
348 car parking bays	CP	Completed	Existing
443 car parking bays	CP	Completed	Existing
53 car parking bays	CP	Completed	Existing
474 car parking bays	CP	Completed	Existing
1,500 car parking bays	CP	Completed	Existing

GLOSSARY

"2017 AGM"	the forthcoming annual general meeting of the Company to be held on Monday, 21 August 2017 at 11:30 a.m. at Xinhua Room, Mezzanine Floor, Dorsett Wan Chai, Hong Kong, 387–397 Queen's Road East, Wanchai, Hong Kong.
"Articles"	Articles of Association of the Company, as amended from time to time.
"Associate"	has the meaning ascribed to it under the Listing Rules.
"AUD" or "A$"	Australian dollars, the lawful currency of Australia.
"Australia BBSW"	Australia Bank Bill Swap Reference Rate.
"Board"	Board of Directors of the Company.
"BVI"	the British Virgin Islands.
"CAGR"	Compound annual growth rate.
"Care Park"	Care Park Group Pty. Ltd.
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules.
"CNY" or "RMB"	Chinese Yuan, Renminbi, the lawful currency of the PRC.
"Companies Law"	Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.
"Company" or "FEC" or "FECIL"	Far East Consortium International Limited, a public limited company incorporated in the Cayman Islands with its shares listed on the Main Board of the Hong Kong Stock Exchange (stock code: 35).
"Connected Person"	has the meaning ascribed to it under the Listing Rules.
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules.
"Director(s)"	director(s) of the Company.
"Dorsett"	Dorsett Hospitality International Limited, formerly known as Kosmopolito Hotels International Limited, incorporated in the Cayman Islands and withdrew from listing on the Main Board of the Hong Kong Stock Exchange, a wholly-owned subsidiary of the Company.
"Dorsett Share Option Scheme"	the share option scheme of Dorsett was adopted on 10 September 2010.
"EPS"	Earnings per share
"EUR"	Euro, the lawful currency of the eurozone.

GLOSSARY

"FECIL Share Option Schemes"	the share option schemes of the Company were adopted pursuant to the resolutions passed by the Shareholders on 28 August 2002 and 31 August 2012.
"FY"	Financial Year.
"GBP" or "£"	pounds sterling, the lawful currency of the United Kingdom.
"GDV"	gross development value
"Group"	the Company and its subsidiaries.
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong.
"HKAS"	Hong Kong Accounting Standards.
"HKICPA"	the Hong Kong Institute of Certified Public Accountants.
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of PRC.
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"JPY"	Japanese Yen, the lawful currency of Japan.
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules.
"PRC" or "Mainland China" or "China"	other regions in the People's Republic of China, and for the purpose of this annual report and unless otherwise stated, references in this annual report to the PRC do not include Taiwan, Hong Kong or Macau Special Administrative Region of the PRC.
"RevPAR"	revenue per available room.
"RM" or "MYR"	Malaysian Ringgit, the lawful currency of Malaysia.
"Securities"	as the securities as defined in Schedule 1 to the SFO.
"SFA"	saleable floor area
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
"SGD" or "S$" or "SG$"	Singapore dollars, the lawful currency of Singapore.
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company.
"Shareholder(s)"	holder(s) of Share(s).

GLOSSARY

"sq. ft." or "Sq. Ft."	square feet.
"Subsidiaries"	the subsidiaries of the Company.
"UK"	the United Kingdom.
"USD" or "US$"	United States dollars, the lawful currency of the United States of America.
"Year" or "FY2017"	the financial year of the Company from 1 April 2016 to 31 March 2017.
"%"	per cent.

This annual report, in both English and Chinese versions, is available on the Company's website at www.fecil.com.hk.

Shareholders who have chosen to receive the corporate communications of the Company (the "Corporate Communications") in either English or Chinese version may request for a copy in the other language. The annual report in the requested language will be sent free of charge by the Company upon request.

Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the Corporate Communications.

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company's share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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